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NEWS SUMMARY

GENERAL

Shirley Williams 'ready to quit'

Mrs. Shirley Williams, a founder of the Council for Social Democracy, said she was ready to leave the Labour Party "fairly soon."

The formation of a new party could not be far off, she said.

At Westminster, many Labour MPs believe the members of the council have gone too far to be pulled back. Back Page

EEC fish talks adjourned

Common Market Fishing talks adjourned in Brussels after Ministers rejected the latest Commission proposals. Fisheries Minister Peter Walker hoped a solution to the deadlock could be found today, although the French attitude remained unclear.

Air-fare move

Airlines in the International Air Transport Association are seeking fare rises of up to 8 per cent to compensate for fuel costs and inflation. Back Page

Ship peace hope

Shipping employers were "hopeful" after discussing arbitration terms that a solution to the seamen's pay dispute would soon be found. Vital stage, Page 7

Euro-MP struck

Euro MP Ann Clwyd said a soldier guarding President Sadat in Luxembourg struck her twice with a loaded rifle. Page 2

Journalist freed

American freelance journalist Cynthia Dwyer, held nine months in Iran as a spy, arrived in Dubai after being deported.

Mortgage probe

The mortgage lending policies of the Provincial Building Society are to be investigated by the *Equal Opportunities Commission*. Page 6

£159,000 award

The *High Court* in London awarded £159,000 damages to an Essex girl who suffered brain damage after she was knocked down by a bus when she was 15.

Man extradited

Alan Watts, wanted by police on theft charges connected with casinos recently sold by Coral Leisure, is being extradited from California to Britain today.

Doris gets MBE

Actress Gwen Berryman, 75, who played Doris Archer in the BBC radio series, received her MBE from the Queen in London. Interviewer Robin Day and comedian Arthur Askey also received honours.

Duke's cure

The cure for Britain's economic ills depends more on people's attitudes than Government policies, Prince Philip told 200 businessmen in Cambridge.

Prince for board

Prince Michael of Kent is to join the board of Standard Telephones and Cables in April.

Public spirited

The parish council at Horbling, Lincs., has increased the annual rental for the Plough Inn from under £200 to £3,200, and reduced the village's general rates by 8p in the pound.

Briefly . . .

Wigan's nap Final Argument won at Carlisle. *Racing*, Page 12

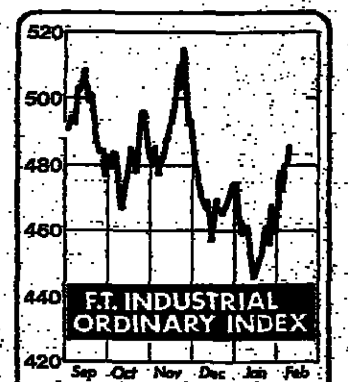
Tory MP for Solihull, Percy Grieve, will retire at the next General Election.

Cost of collecting £1m in dog licences was £1.8m, the Commons was told.

BUSINESS

Equities add 4.6; dollar firm

● EQUITIES were mixed, with some leading stocks in demand. The FT 30-share index rose 4.6 to 485.5. Page 24



● GILTS eased, with the Government Securities Index down 0.11 at 69.06. Page 24

● DOLLAR closed at DM 2.1480 (DM 2.1390) and Y203.85 (Y203.30) in London. Its trade-weighted index was 99.4 (99.1). Page 21

● STERLING closed at $2.3370, a fall of 35 points on the day. Its trade-weighted index was 104.2 (104.1). Page 21

● GOLD fell $2 to $514.5 in London. Page 21

● WALL STREET was up 3.93 at 951.11 near the close. Page 22

● ANTI-TRUST URANIUM cartel litigation brought by Westinghouse Electric, the U.S. nuclear plant maker, against U.S. and international uranium producers may be settled out of court. Back Page

● JAPANESE special trade representative Saburo Okita arrived in Peking to discuss China's cancellation of plant and equipment contracts. Page 4

● SHORT-TERM AID PACKAGE for the British Steel Corportion will be announced by Industry Secretary Sir Keith Joseph today, instead of a wide-ranging statement on the UK steel industry's future. Back Page

● OCCIDENTAL PETROLEUM, the U.S. energy group, reported fourth quarter earnings of $138.1m (£59m) against $186.8m in the same period of 1979. Page 18

● MARATHON oil exploration group is working on designs for a development project on the North Brae oilfield, about 170 miles north-east of Aberdeen. Page 6

● EUROPEAN FERRIES, the shipping, leisure and property group, has bought the La Manga Campo de Golf sports complex on Spain's Costa Blanca.

● INGERSOLL-RAND, U.S.-owned compressor manufacturer, will close its factory at Trafford Park, Manchester, with the loss of 460 jobs. Page 5

● FORD company truck drivers based at Dagenham, who were due to return to work after a two-week strike, refused to cross a picket line of drivers working for private haulage companies. Page 7

● GUINNESS PEAT GROUP, commodities and money broker, reported pre-tax profits down from £6.22m to £3.55m for the six months to October 31. Page 16

● DONALD MACPHERSON GROUP, paint and surface coatings maker, reported pre-tax profits down from £4.84m to £2.26m for the year ended October 26. Page 16

● CREST NICHOLSON, industrial holding company, reported pre-tax profits up from £4.33m to £5.42m for the year to October 31. Page 16

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Amal. Dist. Products	49	+ 8
Bakers Household Stores	108	+ 10
Barclays Bank	400	+ 18
Beatson Clark	103	+ 10
British Car Auction	75	+ 4½
Brotherhood (P.)	162	+ 11
Brown (J.)	74½	+ 3
Chubb	90	+ 7
Crest Nicholson	131	+ 11
European Ferries	168	+ 7
Federated Land	95	+ 5
Firth (G. M.)	61	+ 5
Hawker Siddeley	278	+ 8
Ibstock Johnsen	83	+ 5
Intnl. Timber	80	+ 6
Metal Box	180	+ 12
Midland Bank	330	+ 12
Mills and Allen	348	+ 20
Pilkington	274	+ 9
Plastic Constructions	27	+ 5½
Pratt (F.)	63	+ 6
Tate and Lyle	160	+ 6
Travis and Arnold	138	+ 11
Vickers	148	+ 6
Wheeler's Restaurants	330	+ 20
Cambridge Petrol	335	+ 35
Greenbushes	650	+ 75
Memerdon Mining	37	+ 5
Hill 50 Gold	39	+ 4
Leichardt Expln.	90	+ 15
Meridian Oil	25	+ 5
Western Mining	250	+ 11
FALLS:		
Associated Fisheries	54	− 5
City Offices	101	− 5
Erskine House	32	− 13
Guinness Peat	113	− 9
Man. Ship Canal	173	− 14
Kinross	578	− 42

Miners prepare for fight to prevent more pit closures

BY MARTIN DICKSON AND CHRISTIAN TYLER

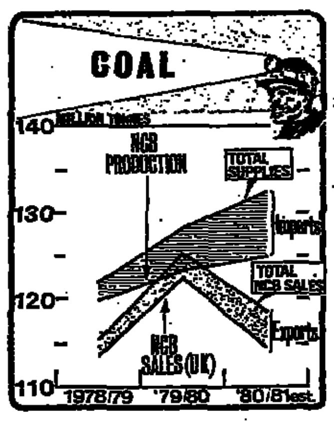
MINERS' LEADERS are preparing a national campaign against the Government to prevent another round of colliery closures and the possible loss of 20,000 to 30,000 jobs from the industry.

The National Coal Board gave only the broadest outlines of its retrenchment programme yesterday to leaders of the three mining unions. Details will be spelt out at area meetings in the coming days.

The unions report that Sir Derek Ezra, NCB chairman, said between 20 and 30 pits would be exhausted over the next five years, but there could be between 20 to 50 closures. No timetable was given, but Mr. Joe Gormley, president of the National Union of Mineworkers, said it could be two years.

The NCB later confirmed union estimates that 20,000 to 30,000 jobs could be affected but said the number of redundancies would be much lower because of natural wastage, currently running at 15,000 a year, the transfer of miners to long-life pits, and voluntary early retirement.

The first step for the unions, after a meeting of the NUM executive tomorrow—which will be lobbied by hundreds of miners from Scotland, South Wales, Yorkshire and Nottinghamshire—is likely to be a joint approach with the Coal Board to ministers.



None of the miners' leaders expect this to lead to the easing of the financial constraints that have precipitated the board's plans.

Left-wingers, armed with mandates for industrial action in those areas where the cuts will fall hardest, will press the union's national executive to make this a national rather than area issue. The union already has a conference policy opposing any closure on grounds other than exhaustion of reserves.

Yesterday's challenge to the miners' power comes at a time of mounting anxiety in steel, rail and coal communities, and could give weight to the revived "triple alliance" of unions in the three industries.

Mr. Gormley described the plan to cut 10m tonnes of capacity as "economic madness" at a time when Britain was importing 5m tonnes of coal and European countries were giving large subsidies to their domestic coal industries.

He said the second step would be to test the reaction of the 227,000 mineworkers. "I hope it doesn't lead to any conflict, but by God it can lead to conflict."

Mr. Peter Heathfield, North Derbyshire area secretary, said the Board's attempt to deal with the plans through the established colliery review procedure at area level would "backfire."

He said the Board was told

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Thatcher refuses to intervene, Page 8

High Court ruling defuses Polish farm controversy

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND's High Court yesterday ruled that under Polish law the country's 3.5m private farmers do not have the right to form a trade union.

The judges stated, however, that there was no objection in law for the farmers to organise as an association. An association has to be registered at the local government offices and the High Court decided to pass the farmers' case on to the Warsaw Mayor's office.

The decision means the possibility of a conflict between farmers, the government and Solidarity, the independent union, which is backing the farmers, has been put off for the time being.

The High Court's compromise comes after a week of tension in Poland leading to the resignation of Mr. Josef Pinkowski on Monday and the appointment of General Wojciech Jaruzelski, the Defence Minister, to succeed him.

Poland's Central Committee is still meeting and yesterday passed a resolution repeating charges levelled against what it described as extremists in the Solidarity movement. But it reaffirmed its support for last summer's historic agreements between the government and Poland's Free Unions.

Mr. Lech Walesa, the Solidarity Leader, who attended yesterday's hearing, later told the farmers that they should be patient and calm in their struggle for their own union and that the court decision was "a draw."

Poland's farmers own about 70 per cent of the land and evidently the authorities fear that if they recognise their independent union, they would face an even more difficult negotiating partner than Mr. Walesa's Solidarity itself.

It can be safely assumed that similar fears are also being expressed in Moscow where the firm establishment of a farmers' union in Poland would be seen as the end of any hope that the land might be nationalised here in the future.

The farmers' union movement has the firm backing of Solidarity, and also the Polish church.

Meanwhile, a general strike continued in Jelenia Gora in south-western Poland yesterday despite an agreement negotiated in Warsaw on Monday between the strike leaders and the government.

The strikers are demanding that their leader be allowed to appear on television to call off the strike. At the same time, the country's coalminers withdrew their strike call despite the fact that they still not have reached agreement with the Mining Ministry on exactly which workers in the industry have the right to work a five-day week.

The Reagan Administration has decided against providing new economic assistance to Poland for the time being, Reuter reports from Washington.

Mr. William Dyess, a State Department official said: "What is needed most of all is internal economic reform" in Poland.

Heavyweght steps into spotlight, Page 2

U.S. spurs plant investment

BY DAVID BUCHAN IN WASHINGTON

MR. DONALD REGAN, the U.S. Treasury Secretary, yesterday came out publicly for the first time in favour of creating an immediate spur to U.S. industry to spend more on new plant and equipment by making faster depreciation allowances for business investment, effective from January 1 this year.

But he said President Ronald Reagan's Cabinet would decide later this week on the exact timing and implementation of the tax changes in the sweeping economic package which the President is due to present to Congress on February 18.

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The Treasury Secretary said the Administration was considering following up its February 18 proposals on personal and busines stax cuts with later legislation cutting rates on "unearned" income, such as dividends and interest payments.

That is a new element in the Administration's tax plans. Mr. Regan said there was a very good case for reducing the top marginal rate on unearned income from 70 per cent to 50 per cent, the present ceiling on earned income.

The planned tax reductions would appear to underscore the need, which Mr. Regan stressed yesterday, for "wide and deep" cuts in the Federal budget. But the spending cuts, to be announced next week and which may total nearly $40bn in the 1981-82 budget, have begun to provoke an outcry from many political quarters.

Yesterday the White House issues a list of seven social programmes, totalling more than $200bn which would be left unscathed.

Several times this week the President has met lobby groups, apparently assuring them that bugdet cuts will not hit the poor and needy and may not be as drastic as suggested by Mr. David Stockman, his budget director.

Mr. Reagan thus seems to be using his cabinet officers to deflect some of the increasing opposition to his own programmes.

However, Mr. Reagan in his speech yesterday to the National Press Club, argued that cutting marginal rates on unearned income might actually bring in more revenue, not less, thereby avoiding adding to the Federal deficit.

He cited the example of the capital gains tax, which itself might figure in any second 1981 Tax Bill. When the CGT rate was last reduced in 1978, the Carter administration argued the Government would lose $2.5bn-$3bn in 1979. In fact, the revenue loss that year was less than $100m, because the rate cut produced an investment surge.

Boost for spread of electric rail lines

By Philip Bassett, Labour Staff

THE Government and British Rail's long-awaited report on electrification of the railways, out today, states that a substantial programme of main-line electrification would be financially worthwhile.

The joint BR-Department of Transport report is perhaps the most far-reaching review of the future of the railways since the Beeching Report of the early 1960s.

The Government has yet to decide whether to act on the report.

Mr. Norman Fowler, Transport Secretary, is likely to insist that the BR board show it is using its resources efficiently, including improving its labour productivity, before the Government's response to proposals to increase investment would be favourable.

The report, result of nearly three years' work, says that all three of the increased electrification options examined fully by the study show an internal real rate of return on investment of 11 per cent.

The options range from a modest extension of the present electrification programme, to be completed at best within 15 years, and resulting in electric trains for 62 per cent of passenger and 38 per cent of freight traffic, to electrification of over half the present network, to be completed at best in 20 years, resulting in 83 per cent of passenger traffic and 68 per cent freight being hauled electrically.

Electrification would reduce oil dependence, says the report. The largest option would save nearly 120m gallons of diesel oil a year, about 0.5 per cent of the present annual demand for oil products, or 3 per cent of the oil used each year to satisfy transport demand.

Electrification should assist overseas performance of Britain's railway manufacturing industry: the report states that 40 per cent of world rail systems will be electrified by the year 2000 against 18 per cent in 1978.

The cost of all the options would be large. The net total for the largest would be £775m at 1980 survey prices, over 20 years, and all would require more investment than that at present planned by the BR Board.

The report does not consider changes in electrification of Southern Region commuter lines, or those serving other major cities.

Rural rail service threat, Page 5

Growth in money supply still over Treasury target

BY DAVID MARSH

THE GOVERNMENT is still a long way from the monetary and fiscal path set out in its financial strategy, in spite of slower money supply growth and an easing of public borrowing pressures during the last few months.

Official figures published yesterday show that the expansion of the money supply has slowed considerably during the winter, although it is still growing at above the Government's target rate, partly as a result of excess public spending.

The breaching of the Government's 1980-81 targets for both money supply growth and public borrowing have caused the Treasury and the Bank of England to remain cautious about cutting interest rates in spite of the recession.

A cut in Minimum Lending Rate from its present level of 14 per cent is still, however, expected in next month's Budget.

The Bank of England yesterday reported that sterling M3, the broadly-defined money supply, grew by a provisional 0.75 per cent, seasonally adjusted, during the six-week banking month to mid-January.

This follows a rise of 0.5 per cent in December. The marginal increase in the growth rate appears to confirm the slower rate of increase since the rapid expansion of last summer and autumn.

The rise over the past three months has fallen to an annual rate of 14 per cent from 24 per cent during August to October. But this is still substantially above the Government's target range of 7 to 11 per cent for the period February 1980 to April this year.

The monetary deceleration has been caused partly by a moderation in private sector credit demand as well as by a more favourable trend in public sector borrowing.

Separate figures issued yesterday by the Treasury show that the Central Government moved into a cash surplus of £1.71bn in January after a net borrowing requirement of £2.33bn in December.

January is traditionally a surplus month for the Treasury thanks to New Year tax payments. The surplus was, however, lower than the £2.46bn registered in January 1980, in spite of a rebate of just over £200m from the EEC last month under the agreement on Britain's budget contributions.

Yesterday's figures were at the more pessimistic end of the range of expectations in the City. Gilt-edged stocks showed little reaction, and closed slightly weaker.

1980/81	Sterling M3, % rise	Central Govt. borrowing, £m
Target	*7-11	9,313
Outturn, 10 mths	†21	11,381
August	3.0	1,592
September	0.6	850
October	2.0	148
November	2.1	2,752
December	0.5	2,330
January	‡0.75	−1,714

* Feb. 1980 to April 1981, annual rate.
† Feb. 1980 to Jan. 1981, annual rate.
‡ Provisional.

Sources: Bank of England Treasury

The lack of any dramatic improvement in the Government's financial performance may, however, dampen demand for the new medium-term tap stock—Treasury 12 per cent 1986—which goes on sale by tender today.

The latest figures take Central Government borrowing for the first 10 months of the fiscal year to £11.38bn—17 per cent above the corresponding figure for 1979-80, and around £2bn above the target of £9.31bn for the entire 1980-81 fiscal year.

On the monetary front, sterling M3 has risen by an annual rate of 21 per cent since the target period started last February. Taking into account distortions caused by the "corset" banking controls, the underlying rate is thought to have been about 18 per cent.

One encouraging factor for the Government is that underlying private credit demand now seems to have stabilised at about half the monthly growth rates of last summer.

The Government has already admitted that the 1980-81 Public Sector Borrowing Requirement — comprising borrowing by nationalised industries and local authorities as well as Central Government—will probably exceed the £8.5bn target figure by at least £3bn. Some City analysts, however, think the actual borrowing figure may be even larger at £12bn to £13bn.

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West German interest rates surge, Page 2

Banking figures, Page 6

£ in New York

—	Feb. 9	Previous
Spot	$2.3370-3380	$2.3440-3450
1 month	0.45-0.52 pm.	0.50-0.57 prem
3 months	2.20-2.30 pm.	2.40-2.50 prem
12 months	6.80-7.00 pm.	7.15-7.35 prem

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Heavyweight steps into Poland's political spotlight

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

THE PROMOTION of Army General Wojciech Jaruzelski from Defence to Prime Minister marks the replacement of an essentially minor figure, Mr. Jozef Pinkowski, by a heavyweight with a brilliant career already behind him.

He is a political general who held increasingly important military and party positions under the Gomulka and Gierek regimes and who has also survived unscathed the upheavals of recent months. Despite his social origins as son of a landowning family in the eastern province of Lublin and the fact that he was deported to the Soviet Union to work as a forced labourer after the Nazi-Soviet division of Poland in 1939, he clearly has the confidence of both Moscow and the Polish Communist party. The clearest proof of this is his appointment as chief political commissar to the army in 1960 at the age of 37.

This was followed by a series of quick promotions which saw his entry into the party central committee in 1964, appointment as Chief of the General Staff the following year and as Minister of Defence in 1968.

His appointment as Prime Minister appears to have been the most substantial event at the central committee meeting which failed either to fix a date for the forthcoming party congress or discuss the question of inner party democracy and reorganisation. To some extent it is a move designed to give an impression of movement and progress when all other indications point to deep divisions and indecision.

It can be seen as an attempt to reassure the Soviet Union that the party is determined to get to grips with the task of governing Poland and that Mr. Stanislaw Kania, the party secretary, to whom they gave their formal backing in December, is capable of choosing competent men of proven loyalty. Mr. Kania's position should also be strengthened internally. Increasingly he has appeared to be shadowed by the figure of General Mieczyslaw Moczar, the former Interior Minister under Gomulka.

Given Gen. Jaruzelski's past record, his promotion does not look as if the Polish party and Government are any nearer contemplating the use of force to resolve the country's problems. It implies they will continue their efforts to reach a workable *modus vivendi* with the independent union, Solidarity, which must include agreement to work harder and more efficiently.

The appointment of Poland's top military figure does mean, however, that the Government is now in the hands of a man who knows the military intimately and is trusted by it. As such, he is a man who would be in the best position to judge the need for, and practicability of Polish military intervention in support of the authorities if the situation ever deteriorated to the point where the alternative to such intervention might be a threat to Polish sovereignty from outside.

Gen. Jaruzelski became a full politburo member in 1971 and was presented with the Soviet Order of the October Revolution in 1973.

He comes to the job with a reputation as a good organiser and, what is just as important, as a man who argued against the use of force both in 1970 and throughout the latest upheavals. Whether his military background will make him a good civilian Prime Minister and economic organiser remains to be seen.

An indication of his intentions should come today when he is due to make his first major speech in Parliament and in his subsequent choice of ministers. He is expected to make sweeping changes in the Government. Those could be much more deep-rooted than previous exercises which have consisted mainly of the promotion of Deputy Ministers and the removal of the discredited former Gierek team to different jobs.

● Gen. Jaruzelski (right): a man with the confidence of both the Kremlin and the Polish Communist party

Solidarity leader Lech Walesa is borne aloft by farmers seeking their own union

SHARP CRITICISM OF POLICIES ON MASS MEDIA AND PARTY DEMOCRACY

Party rank and file demand a bigger voice

BY CHRISTOPHER BOBINSKI IN WARSAW

THE HARD line policies of the Polish Party leadership on the mass media and democratisation of the party are being sharply criticised.

Speeches by central committee members at a meeting which ended in Warsaw on Monday night show that the rank and file are demanding a greater say in policy making and that these sentiments are being aired at the top of the party.

It was evident at the meeting that the leadership did not want a full dress debate, maybe out of deference to the Soviet party which is worried about developments here and has its congress starting in Moscow on February 23.

The committee confined itself to taking a tough line on Solidarity, the independent union, and towards the dissidents within the movement, but the issue of reform was avoided in the main speeches. The meeting did not fix a date for the next congress

The conservatives in the party are trying to hold up such a meeting for as long as possible as they fear it would bring in wide-ranging democratic changes which would undermine the position of the party apparat. But the working class rank and file central committee members brought these issues up at Monday's meeting.

Mr. Antoni Wrobel from the Plock oil refinery openly accused the politburo of playing for time and trying to put off preparing a draft political programme for the congress. According to the party rule book such a draft must be distributed three months before the opening date of the congress.

Mr. Jozef Adamek, a miner at the Walbrzych colliery in southern Poland spoke of the "general lack of information in society at large which means that party members can not arrive at a clear point of view on the conflicts in society."

Mr. Boguslaw Jamroz from Krakow said the party was "fettered" and this meant it couldn't "carry on a clear and effective dialogue" with Solidarity.

Mr. Jamroz said many party members were coming to the conclusion that the reform process "illusory" and policies followed by the leadership were full of hesitation.

Mr. Zygmunt Gajewski from the Warsaw steel works party cell asked outright whether there were people in the party "who are trying to halt the reform."

Reuter adds from Vienna: Dr. Bruno Kreisky, the Austrian Chancellor, criticised Solidarity yesterday, saying it should not assume the role of a political opposition.

Dr. Kreisky said: "The trade union should be involved in defending the interests of the workers and not demand the resignation of government members.

"The Government in Poland must govern again, something it has not done for a long time.

"If the situation does not change, we might see developments which neither the Poles nor we would like to see."

AP adds from Brussels: Mr. Riszard Karski, the Polish Foreign Trade and Maritime Economy Minister, has postponed his visit to Belgium, apparently because of the situation in Poland.

Italian defence budget to rise by 8% in real terms to £3.1bn

BY JAMES BUXTON IN ROME

ITALY IS budgeting for an increase in defence spending of 8 per cent in real terms this year. Parliament is to be asked to approve an allocation of L7,500bn (£3.1bn), which is about 30 per cent more than was spent on defence in 1980.

After allowing about 22 per cent for inflation the real increase of 8 per cent is still substantially more than the NATO target for real increases in defence spending by member countries of 3 per cent.

However this must be set against the fact that Admiral Giovanni Torrisi, the Chief of the Defence Staff, said in announcing the figure that the equipment of the forces was at only 30-35 per cent of the highest international standard. Italy spends only about 2.5 per cent of its GNP on defence, compared with Britain's 4.5

The new defence spending figure also suggests there has been a reduction in targets since the autumn, when Sig. Lelio Lagorio, the Minister of Defence, told Mr. Francis Pym, then the British Defence Minister, that Italy's spending would rise by 11 or 12 per cent in real terms this year.

Because of the ravages of inflation and other factors, a 10-year plan for the modernisation of the armed forces which was due to run from 1975 to 1985 has been extended to 1990.

This plan foresees the comprehensive modernisation of the forces by raising the tonnage of the navy, bringing the army up to 24 well-equipped brigades, and the number of air force squadrons to 40.

Of the spending to be budgeted for 1981 just over half is allocated for spending on personnel, and the remaining 47 per cent is to be divided between technological modernisation, materials and infrastructure.

The armed forces are to set up a mobile fast intervention force to move quickly to areas where there are natural disasters, such as November's earthquake in Southern Italy where the forces played the major rescue role.

The new force would have a nucleus of 1,200 to 1,400 men. The concentration of forces in the Veneto region of Northern Italy, which delayed the army's response to the earthquake, will be reduced.

Fiat plans short-time working

BY JAMES BUXTON IN ROME

FIAT, ITALY'S main motor manufacturer, has told the unions it will introduce short-time working in March and April in order to reduce its stock of cars. Only production of the Panda, a small utility car, will be unaffected.

It is thought that 70,000 workers will be laid off for about 10 working days

Fiat Auto, the Italian car subsidiary, made 1.28m vehicles last year. Some 80,000 remain unsold, despite the laying off of 23,000 workers after a month-long strike last autumn which itself helped reduce stocks. Fiat blames the weakness of the domestic market.

Alfa Romeo, Italy's second biggest car maker, last month put a number of its workers on a three-day week until the end of May. This week, Innocenti, which makes the Leyland Mini under licence, laid off 1,200 workers for four weeks to cut stocks.

The continuing downward trend in Itlaian industrial production has been confirmed by ISTAT, the statistics institute, which shows industrial production down 0.7 per cent in December compared with a year earlier. However, production for 1980 as a whole was up 5.5 per cent on 1979.

W. German interest rates surge

BY STEWART FLEMING IN FRANKFURT

THE IMPACT of the Bundesbank's move last week to tighten credit in the West German money markets was still being felt yesterday as interest rates surged through the 10 per cent barrier for all maturities beyond one year.

Only in the day-to-day money markets have interest rates remained around the 9 per cent mark which prevailed a few weeks ago, and here there are growing fears that a sharp upward adjustment is not far away.

Day-to-day money rates at this level are merely a reflection of the increased usage the banks are making of their Lombard credit lines from the Bundesbank. Lombard money currently costs 9 per cent. But the Frankfurt markets are actively speculating that, unless there is a sudden change in the fortunes of the Deutsche Mark on the foreign exchanges, the central bank will shortly reimpose limits on the use which banks can make of their Lombard credit lines. This would drive short-term rates sharply higher because of the existing shortage of liquidity in the money markets.

A West German shipyard, Howaldtswerke, has started to build two submarines for Chile, writes Roger Boyes in Bonn. This is a controversial order that has sparked off sharp criticism of Bonn from the rank-and-file of the ruling Social Democratic Party who claim that the Government should never have given the go-ahead.

The sudden change in Bundesbank policy last week when, after several months of leaning towards easier credit conditions the central bank tightened the credit reins to defend the Mark, has caughtt he money markets unawares.

The central bank itself has been careful not to move the highly visible, and so politically sensitive, Lombard or discount rates. But as money market interest rates move above 10 per cent, it seems likely that criticism of the bank's policy will mount.

Even the Bundesbank itself made it clear earlier that it would have liked to move interest rates lower because of the rapid weakening of the economy. Widespread criticism of the bank for not having done so will now intensify as rates move in the opposite direction. A strong body of West German opinion holds that it is a mistake to place so much emphasis on the external value of the Deutsche Mark, especially when this risks further damage to the economy and higher unemploy-

Eurobonds Page 18

Yugoslavs seek Bonn's support

BY ROGER BOYES IN BONN

THE YUGOSLAV Prime Minister, Mr. Veselin Djuranovic, yesterday opened talks with Chancellor Helmut Schmidt, of West Germany, seeking reassurance that the West is prepared to continue political and economic support of Yugoslavia. However, while Bonn is keen for Yugoslavia to retain political stability under the post-Tito leadership, it has only a limited ability to help the country economically.

After the death of Marshal Tito last year, Yugoslavia had hoped that West Germany would grant the country a DM 3bn credit line to ease its severe balance of payments problems. But the growing strains in the West German economy have made such ambitions unrealistic.

Instead, a DM 500m general purpose credit agreement has been reached between a banking consortium and the Yugoslav national bank. Bonn has also indicated its readiness to underwrite a separate DM 600m credit directly related to the Yugoslav purchase of West German steel or chemical products. The first DM 500m, arranged by some 24 banks led by Deutsche Bank, is not backed by a government guarantee.

The Yugoslavs would clearly like more and the point is expected to be made if not by the Premier then by Mr. Boris Snuderl, an accompanying Minister without portfolio, who is in charge of economic relations with the West. He will also be involved in talks with leading business representatives this week to discuss what industrial projects could be realised under the DM 600m credit.

However, the issue of Poland seemed to carry most weight during yesterday's political talks between Mr. Djuranovic and the Chancellor. Both leaders agreed that Poland should be allowed to resolve its problems and they are expected to issue a statement stressing the right of countries to settle their internal difficulties without interference.

Istanbul gunmen strike again

By Metin Munir in Ankara

AN ISTANBUL security chief was wounded by two gunmen yesterday in a resurgence of violence in the city which raises questions about the military regime's success in combating terrorist activity. Colonel Cezmi Olcay, who is in charge of security in Istanbul's Electricity and Transport Authority, was shot while driving to work. His assailants escaped.

On Friday, terrorists shot and killed the deputy police chief of Istanbul and his bodyguard. His second bodyguard and driver were badly wounded.

The following day a retired colonel was shot dead while playing cards in an Istanbul coffee shop. The authorities believe all three attacks were carried out by extreme left-wing gangs.

To many Turks the bloodshed was an uncomfortable reminder of the period before the military takeover when Turkey seemed on the verge of civil war. Dozens died in terrorist incidents every month until General Kenan Evren, the Chief of Staff, and other military leaders overthrew the civilian government in September and vowed to eradicate political terroism.

The military declared martial law. There are nearly 21,000 left-wing and right-wing political prisoners. About 100 "terrorists" have been killed as the army broke up many organisations and terrorist acts are down by nearly 90 per cent, according to official figures.

But the Government seems to realise it is not yet in a position to proclaim victory and says there is no possibility of relaxing martial law in the immediate future.

Prices leap by 2.9% in Norway

By Fay Gjester in Oslo

NORWAY'S consumer price index rose by a record 2.9 per cent from mid-December to mid-January, giving a year-on-year rise of 15.2 per cent. Mrs. Sissel Ronbeck, the Consumer Affairs Minister, said yesterday, that the Government had no immediate plans for measures to slow the rise.

Many of last month's increases were the direct result of Government budget decisions. Food prices rose following subsidy cuts and fares and freight rates increased because the Government would not increase public transport subsidies this year.

Calvo Sotelo is designated PM

MADRID — Sr. Leopoldo Calvo Sotelo, Deputy Prime Minister in the outgoing Spanish Government, has been designated by King Juan Carlos as the new Premier in succession to Sr. Adolfo Suarez, who resigned last month.

He has first to win approval for his government programme in the Lower House of Parliament. A date for the debate has yet to be fixed.
Reuter

Sadat warns against Jordan option

BY JOHN WYLES IN BRUSSELS

THE EGYPTIAN President, Mr. Anwar Sadat, yesterday issued a toughly worded warning to Europe and the U.S. against pursuing the so-called "Jordanian option" in their search for a Middle East peace settlement.

He urged instead that the European Community's anticipated peace initiative be aimed at supporting Egyptian efforts to persuade Israel and the Palestinians "to accept a formula of mutual and simultaneous recognition."

At several points in his 40-minute speech, he appealed for a new partnership between the Middle East and Europe directed at tackling major world problems. This went some way towards satisfying expectations aroused by his own request for an invitation to deliver yesterday's address to the European Parliament here—the first by a world leader of any standing.

Mr. Sadat seemed determined to set out a clear statement of his position at a critical moment in both EEC and U.S. policy-making on the Middle East.

Although he made no direct mention of the U.S., he obviously wanted to warn the Reagan Administration against any temptation to flirt with the "Jordanian option." This envisages a measure of autonomy for West Bank Palestinians within the framework of a Jordanian state.

Dr. Henry Kissinger, the former U.S. Secretary of State, has publicly endorsed this idea, although the measure of his influence on the Reagan Government is yet to be taken. But Mr. Shimon Peres, leader of the Israeli Labour Party, is also attracted by it, and his party looks set to unseat Mr. Menahem Begin's government in the June elections.

Mr. Sadat asserted that Jordon must have a role in "the final settlement and that the kingdom should take part in peace negotiations at the proper stage," but any attempted solution which ignored the existence of the Palestinian people was doomed to failure.

His repeated stress on the need to satisfy Palestinian aspirations will be seen as a reminder to the Reagan Administration that the Palestinians should not be ignored in any new U.S. initiative, and as a fresh attempt to answer Palestinian charges of Egyptian betrayal at Camp David.

The Egyptian leader made no significant reference to the Palestine Liberation Organisation, nor to the EEC's call for PLO association in peace negotiations. Rather, he was full of praise for positions so far adopted by the Ten, in addition to urging the Community to secure mutual Israeli-Palestinian recognition. He specifically invited the Europeans to take part in "additional security guarantees" as a European contribution to peace in the Middle East.

It was not clear whether he was seeking here anything more substantial than the offer already made by the EEC to supply security forces to guarantee any final peace agreement, but his speech as a whole is bound to encourage Community governemnts to continue their work on developing a peace initiative.

PACKED HOUSE FOR EGYPTIAN LEADER'S SPEECH

MEPs bask in presidential attention

BY WALTER ELLIS IN LUXEMBOURG

MEMBERS OF the European Parliament had never known such a day. Used to scant attention from Governments and the media and engaged in what many feel is a losing battle for the acquisition of Community power, they found themselves yesterday being addressed as "dear friends" and colleagues by no less a world figure than President Anwar Sadat of Egypt.

The Nobel Prize-winning statesman had chosen the Parliament as the best means of reassuring the nations of Europe that the EEC had a vital role to play in the Middle East peace process.

A packed house, and an overflowing retinue of journalists, watched and listened with some astonishment as President Sadat urged MEPs to help persuade Israel and the Palestinians to recognise each other's rights and to work for peace.

An MEP displays a Palestinian flag during President Sadat's address to the European Parliament.

It could, of course, be argued that really he was appealing beyond the ranks of the 410 parliamentarians to the governments of the Ten, but he was aware of recent statements on the subjects made in the House and he did seek to draw the Parliament into the complex EEC debate on the Middle East.

It should be more difficult now for the Council of Ministers in Brussels to deny the authority of the Parliament in the area of foreign affairs.

The Egyptian leader had sought an invitation presumably in the belief that here was the obvious forum from which to address European governments and public opinion.

Everything did not go as smoothly as it might have, however. Three British Labour members were prevented for a time from entering the Chamber to hear Mr. Sadat's speech. Mrs. Anne Clwyd, the member for Mid and West Wales, claims she was forced back from the entrance at rifle-point and described the behaviour of the 130 guards on duty as "loutish."

A colleague said the guards had acted "like common thugs." But most other MPs were unimpressed by her protest, as was the vice-president in charge of the ensuing debate.

Security, in fact, was obtrusive. President Sadat is one of the world's most likely targets for terrorists, and the presence of so many journalists and other interested visitors meant that the normally free and easy atmosphere of the Parliament had to be transformed.

Gendarmes with rifles and sub-machine guns patrolled the precincts and the corridors. Passes were issued to everyone with a right to be in the building and, during the speech itself, only a privileged minority of applicants was able to join MEPs in watching the proceedings "live."

Members, for the most part, were rather cocky about the presence of their distinguished guest. His remarks were frequently greeted with loud appluase—the more so since he seemed to be talking alone to his "dear friends"—and it was some time after he had finished speaking before normal business could be resumed: a debate on women's rights.

Parliament, and the European Community as a whole, increases in stature as the world's perception of it grows. President Sadat has helped in the process, and most MEPs will be extremely grateful.

Danes threatened with oil delays

BY HILARY BARNES IN COPENHAGEN

ENDLESS conflict between A. P. Moeller and the Danish Government and delays in the development of oil and gas fields are threatened in a letter from the company attacking government plans to take back its North Sea oil concession.

In the 16-page letter to the Government the company also offers to build an oil pipeline to land North Sea oil at a cost which appears to be lower than the estimated cost of a planned State-owned pipeline.

The latest twist to the conflict between the Government and APM comes a day before the first reading is due of three Bills which will end APM's 50-year exclusive concession to the Danish on and offshore areas.

Although APM has urged the Government to agree to a voluntary settlement of the conflict, and threatened massive claims for compensation if the Government legislates, Mr. Anker Joergensen, the Prime Minister, said yesterday the legislation will go ahead and only a new offer by APM could halt it.

The Bills will deprive APM and its partners in the Danish Underground Consortium (Shell, Texaco and Standard Oil of California) of all areas in which they have not yet made finds: provide for the construction of a State-owned pipeline to land North Sea oil; and force the consortium to sell half the oil to the State.

In its letter APM said that as the legislation devolves extensive executive powers to the Energy Minister, it was foreseeable that there would be endless arguments between the parties, with consequential delays in developing fields. It offered to build a pipeline for SKr 1.6bn (£104m) compared with the estimated cost of the State pipeline of SKr 2.4bn, but as the cost estimates refer to different years it was not clear how much cheaper the APM bid really was.

● The Norwegian Oil Ministry has invited oil company applications by April 8, for the exploration licences on ten concession areas in Norway's part of the North Sea, writes Fay Gjester in Oslo.

The areas were previously allocated to oil companies returned to the state after initial exploration proved fruitless. Other North Sea finds have increased optimism about the chances of finding oil and gas there.

Record jobless in Ireland

By Stewart Dalby in Dublin

IRELAND has a record number of 125,100 people registered as unemployed. The seasonally adjusted is 119,000.

Since the number officially listed as available for work is put at 1.2m unemployment now stands at around 10 per cent—a slight increase over December.

The figure is conservative, however, since many school leavers, some men and married women, are not included in the register. The true level, experts says, could be nearer 13 per cent.

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Tokyo plans new package to beat 'mini-recession'

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

A NEW package of measures designed to shift Japan's economy out of its current "mini-recession" is likely to be put together by a meeting of the economic "inner" Cabinet scheduled to be held in early March.

This was disclosed yesterday by Mr. Toshio Komoto, Director-General of the Economic Planning Agency, in talks with members of parliament belonging to the ruling Liberal Democratic Party.

The measures will probably includes an acceleration of public works expenditure during the first half of the coming fiscal year, with some steps to assist small and medium businesses. The nine private electric power generating companies may also be asked to bring forward investment in new power stations.

Mr. Komoto appears to have said that up to 70 per cent of public works expenditure budgeted for the coming fiscal year should be contracted during the first six months of the year.

This would be slightly more than the amount spent during the first half of an average year and much more than the figure for 1980, when only 59 per cent of budgeted works were contracted during the first six months of the year.

The reflationary package will not include a cut in the Bank of Japan's discount rate.

Patrick Cockburn adds: Talks in Tehran on the resumption of supplies of Iran crude to Japanese customers have become bogged down because of the National Iranian Oil Company's demand that the premium for the quarter should be paid in advance.

The Japanese, who want to purchase some 250,000-300,000 barrels a day, want to get the same contract terms as BP and Shell.

These included a $1.80 a barrel premium for the first quarter of the year. The oil supplied during the rest of the nine-month contract period will be at the official Iranian price.

The gap between the two sides is small, but the Japanese Ministry of International Trade and Industry (MITI) is resisting the demand for a lump sum prepayment of the premium.

MITI is presumably worried that such an agreement will encourage other Gulf producers to maintain their premiums at present levels.

Non-aligned Ministers may condemn Russia

FOREIGN Ministers of the non-aligned movement meeting in New Delhi were last night on the brink of agreement to condemn the Soviet Union and Vietnam, by demanding the withdrawal of all foreign forces from Afghanistan and Kampuchea, David Dodwell reports.

If the demands are confirmed, they will mark a major hardening of the draft proposal put before the conference by India last week.

Zimbabwe shooting

Rival factions in Zimbabwe's recently integrated army opened fire on each other yesterday for the second time within 48 hours, our Salisbury Correspondent writes. Only a day after peace had been restored at Mtabinduna township near Bulawayo where former Zanla and former Zipra supporters had exchanged fire, police reported a new outbreak of shooting at the Connemara army barracks in the Zimbabwe Midlands.

Koreans vote today

South Koreans go to the polls today to choose Presidential electors who then meet as an electoral college on February 25 to elect the next President, Anne Charters reports from Seoul. President Chun Doo Hwan, is regarded as the most likely winner.

South Africa white union expansion approved

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA's all-white Mine Workers' Union, the most conservative and militant of the country's trade unions in the fight against labour reforms, has been granted permission to represent workers outside the mining industry.

The move is regarded as a breakthrough for the union in its bid to replace more moderate white unions in key industries.

Mr. Arrie Paulus, general secretary of the MWU, said the Government had granted the union permission to represent skilled and semi-skilled white workers at seven electricity power stations in the Transvaal and Orange Free State.

A second application to extend representation to the iron and steel industry should be decided within the next six weeks.

The decision was "the beginning of great things for the future of the white worker," Mr. Paulus said. His union's policy was "to get all the white workers in South Africa into one big union . . . to protect the white worker."

The MWU bid to get a foothold in the power-supply industry was opposed by several other leading unions, and the Industrial Registrar took more than a year to give his approval for the union's registration to be altered. The MWU had to prove that it had the support of more than 50 per cent of the workers it wished to represent.

Dr. P. J. Van Der Merwe, Deputy Director-General of Manpower Utilisation, said that to turn down the MWU request would have been "contrary to the free trade union movement and freedom of association."

China issues Treasury bonds

BY TONY WALKER IN PEKING

CHINA IS issuing National Treasury Bonds to mop up surplus cash in the economy. This was reported yesterday by the Peking Evening News which said the bonds would be issued soon.

The paper said bonds worth about US$3.3bn (£1.4bn) would be sold to state-run enterprises, local governments with surplus funds and wealthy communes.

Meanwhile, Cheng Ming, a Hong Kong magazine, has published a speech by Mr. Zhao Ziyang, the Chinese Premier, which revealed that the deficit for 1980 had reached about $US11bn more than double the amount budgeted for.

Francis Ghiles, recently in Morocco, reports on the problems facing King Hassan

World Bank sharply critical of the economy

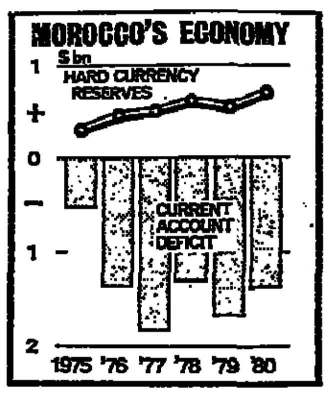
THREE MONTHS after IMF granted Morocco a $1bn three year standby credit to help ease that country's severe balance of payments difficulties, the World Bank is putting the finishing touches to the first major report it has compiled on the Kingdom since 1965.

The World Bank's report is critical on the Moroccan economy on a number of counts. First, it underlines the slow rate of growth in agricultural output since independence, about 2 per cent annually. Agriculture only accounts for 16.7 per cent of Morocco's GDP of $16.3bn. This is surprising for a country so richly endowed in water and good land.

The Moroccans have been irked by comments in the report suggesting that as many as 46 per cent of those living on the land fall below what the Bank defines as the absolute poverty level. But whether or not such a definition means much in the Moroccan context, the Bank's observation does point to the subsistence living standards of much of the rural population.

This explains why Morocco's food balance has fallen into the red since the late 1970s. Large imports of sugar and cereal have outweighed the progress in exporting fruit and vegetables, which now account for 28 per cent of Morocco's export receipts.

One third of all export receipts are accounted for by



manufactured products and the World Bank report insists that more should be done to encourage such activity.

Another subject of great concern to the Bank is the need for Morocco to modernise its fishing industry. Moroccan officials estimate that about $1bn worth of fresh fish is lost to foreign vessels fishing in the Kingdom's territorial waters every year while much of the catch on the country's northern shore is smuggled to Spain where it fetches better prices.

Another hard currency earner which comes in for some sharp criticism is the Office Cherifien des Phosphates (OCP), which is taken to task for lack of long term planning.

Setting political expediency above economic goals has long been one of the problems of Morocco. It is an issue on which the World Bank is silent but the recent appointment of Mr. Azzedine Guessous, the highly regarded new Minister of Trade and Industry, is one of a few indications that King Hassan is beginning to appreciate and tackle the problems which the World Bank so tactfully describes.

Provisional figures for 1980 show that Morocco's current account deficit was cut by $300m to $1.3bn last year while the trade deficit was held to $1.2bn, thanks to a 25 per cent increase in the value of exports to $2.4bn.

Morocco's hard currency reserves which, at the end of September, had fallen to $270m now stand at $700m, although only $180m of the $1bn IMF loan has been drawn.

The great survivor rides another storm

FIFTEEN MONTHS ago, the days of King Hassan of Morocco seemed numbered. A Central Intelligence Agency report caught the mood in many Western countries when it forecast that the monarch would "lose control of events—probably within a year—and eventually his throne."

Today, King Hassan seems to have weathered the storm. This is not simply to say that he has kept his place in the fast dwindling band of Third World monarchs or that during his 20-year reign he has escaped two major assassination attempts. Far more important, Morocco's political and social fabric has proved more resilient than many in the West had predicted.

"If the combined forces of war in the Western Sahara, a rise in oil prices and a fall in the price of our major export, phosphates, failed to bring down His Majesty, you can bet that King Hassan is here to stay."

Thus one of the king's advisers sums up the present situation of a country hard pressed by a number of external factors over which it has little or no control.

The king's luxuriant lifestyle, the cost of the court and the corruption all ordinary Moroccans believe is endemic in the upper classes, the business community and the civil service—all these are deeply resented. Yet Morocco is enjoying a period of calm and unprecedented freedom. It has become one of the few countries in the Arab world where opposition as well as official newspapers are distributed as one boards the national airline.

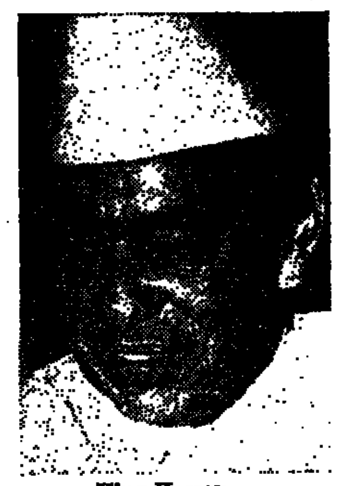
In part, this is because King Hassan also has a religious standing—the Alaouite dynasty which has ruled Morocco since the 17th century claims to be descended from the Prophet—particularly in the countryside, where the majority of his people live. Together with his considerable political skill, this religious aura has helped to ensure Hassan's survival. A new sense of nationalism has also worked to dampen social tensions and prevent strikes.

But this nationalism has other, less straightforward implications. The King has staked everything politically on defeating the Polisario, the national movement which claims the former Spanish colony of the Western Sahara as its own and is backed by Algeria and Libya.

Despite its demands upon the economy, the war over the Western Sahara and Morocco's historical claims to the territory retain the support of both the broad masses and the political parties — with the exemption of 200-300 "marxists" who are the only members of the opposition still languishing in jail. Indeed, some politicians particularly on the Left, have already come out against any idea of a compromise solution with the Algerians over the Sahara issue.

This suggests how central to King Hassan's future the war has become.

Moroccan forces have succeeded in improving their position in the field during the past 12 months. They are no longer entirely at the mercy of Polisario whom they can often engage when they wish. This improvement has come about as a result of better tactics, better



King Hassan . . . strong popular support

morale and better weapons. Western diplomats in Rabat agree that King Hassan has enough cash today to buy all the weaponry he needs.

Support for Morocco has come from countries willing to supply anti-guerrilla weaponry, notably the U.S. and, even more important, Saudi Arabia.

The Saudis gave an estimated $600m to Morocco in civilian aid alone last year and total aid could be higher than $1bn when aid to purchase weapons is included. Senior Moroccan officials say that without it, King Hassan would have been in dire straights.

Iraq for the first time in 1980 extended $190m worth of loans on terms so concessionary as to make them virtually a gift. Iraq is also selling oil to Morocco at a discount of $3 a barrel from its posted price—no mean gesture considering the Kingdom's oil bill topped $1bn last year—and is granting generous payment facilities.

Other external factors have played into the King's hands. The new Algerian president, Chadli Benjedid gives no indication—unlike his predecessor, the late Houari Boumedienne — of wanting to topple the monarchy. Relations between Algiers and Rabat are less frosty today than a year ago, although neither Algeria nor Libya, who both support the claim of the Polisario, give any sign of holding back the guerillas.

Algerian and Moroccan emissaries have been holding discreet talks in Switzerland about ways of solving the five year conflict. But President Chadli has little room for manoeuvre. Withdrawing support for the Polisario is not an option for Algeria and would blow a hole in its active policy of support for radical Third World causes.

An Algerian retreat would also draw Libya more directly into the conflict, something the Algerians, who are very wary of Colonel Gaddafi's latest move in Chad, have no wish to see happen. The conflict could also become international in another way. Just before Christmas, Moroccan patrols stopped a Cuban ship off the Western Sahara coast, clearly indulging in activities far removed from fishing.

In fact, Algeria shows no sign whatsoever of withdrawing support for the Polisario in diplomatic terms. Last autumn an Algerian resolution condemning Morocco's continued occupation on the Western Sahara was adopted by a clear majority of the United Nations General Assembly.

The cost of the war has reinforced the impact of the collapse between 1976 and 1979 in the price of phosphates—Morocco's major hard currency earner—and a spiralling oil bill. Together, these factors have pushed the country's balance of payments deeply into the red.

Last October, the IMF lent the Kingdom $1bn: the funds can be drawn up to October 1983 and must be repaid by 1993. The three-year austerity plan which has just been completed has curbed much excess spending but during the next Five-Year Development Plan (1981-86), expenditure is likely to remain sharply curtailed.

This is unlikely to be King Hassan's most important worry. External factors will remain the most critical. The best that can be said in their present light is that it would still be rash to gamble on an imminent disappearance of the oldest monarchy in the Islamic world.

AMERICAN NEWS

Stockman : apostle of budget cuts

BY DAVID BUCHAN IN WASHINGTON

MR. DAVID STOCKMAN, a slight 34-year-old of bird-like intensity and drive, is stirring up a storm with his frontal assault on the U.S. Federal Budget.

Exploiting the crisis mood which he intentionally helped raise, Mr. Stockman had been working 17-hour days to bring about a fiscal revolution, even before he took office as Budget Director.

The spending cuts, contained in the big black books Mr. Stockman has compiled, are said to total around $13bn in the current budget year, nearly $40bn in 1981-82, and much more than that down the road.

A true radical — in contrast to the pragmatic business types in many of the other Reagan Cabinet posts — Mr. Stockman has emerged as perhaps the principal architect of Reagan economic policy. He believes fervently that Federal spending must be set permanently on a lower path and is a strong enthusiast for big tax cuts, the key to the "supply side" formula that will lead to growth, more productivity and less inflation.

For Mr. Stockman, the 1980 election presented a golden opportunity that had to be seized immediately. Warning that the new Administration might face "an economic Dunkirk," he told the President in a memo: "If bold policies are not swiftly, deftly and courageously implemented, in the first six months, Washington will quickly become engulfed in political disorder commensurate with the surrounding economic disarray."

Mr. Reagan pulled back from the brink, to which Mr. Stockman tried to push him, of declaring an economic emergency. The Budget Director's dramatics were evident, however, in the President's reference last week to "the worst economic mess since the great depression."

But there are many who regard Mr. Stockman less as the boy wonder and more as the mad axeman—and they are not all outside the Administration. Mr. Stockman's initial proposal to cut the 1981-82 foreign aid plan by a third brought a direct clash with the redoubtable Mr. Alexander Haig, the Secretary of State. Mr. Donald Regan, the Treasury Secretary, has kept his powder dry, but did remark acidly that "only by working my whole transition team 15 hours a day could I keep Dave Stockman under control."

At the rate he has been going, Mr. Stockman may flare out like a meteor in the sky. But in a short time he has projected his Office of Management and Budget into the policy-making fore, easily eclipsing the Council of Economic Advisers and rivalling the Treasury.

While the value Mr. Reagan places on his Budget Director is beyond dispute, he also serves as a lightning rod to deflect the political outcry which the spending cuts, to be announced on February 18, will provoke. Indeed, some of the Stockman plans have been intentionally leaked for this purpose.

But the Budget Director knows the ways of Capitol Hill from his six years there as a Congressman from Michigan, and time spent working there before as a staffer for Rep. John Anderson. It was that association, as well as with Rep. Jack Kemp (an early Reagan supporter), that brought him to Mr. Reagan's notice last autumn.

Mr. Stockman was picked last September to take the role of Mr. Anderson in a practice warm-up for Mr. Reagan's TV debate with the independent candidate. The Michigan Congressman understudied that role so well that he was asked to come back and play Jimmy Carter.

But Mr. Stockman's record on the Hill presents some nice ironies now. Last year he was the only member of the Michigan delegation to vote against loan guarantees for Chrysler — now he shies away from the issue. In the House, he consistently voted every year against increases in the Federal debt ceiling, only to find himself this month urging his erstwhile colleagues to please let Uncle Sam borrow $50bn more.

Index link dropped in mines deal

By Our New York Staff

THE FIRST hint that the current wage negotiations between coal-miners and mine-owners in the U.S. may be settled without a strike has emerged in the shape of a new pay agreement covering 321 miners in the western U.S.

Pittsburg and Midway Coal Mining, which is part of Gulf Oil, says it has reached tentative agreement on a new contract with its miners.

The proposed terms, which have yet to be ratified by the men involved, do not include a cost-of-living index element. Instead, the miners are reported to have settled for a 37 per cent increase in wage and benefit levels over the life of the three-year agreement, with heavy emphasis upon improving terms for pensioners.

Although there is no direct connection between this agreement and the talks now under way between the United Mineworkers Union and the bituminous coal operators' associations in Washington, the issue of index-linked pay is central to those talks.

The union has said that it must, like motor industry workers and steelworkers, win an indexed deal for its 160,000 members. The employers say they cannot afford this and have responded with demands that miners agree to sanction round-the-clock working.

According to industry officials, however, the employers will drop the request for round-the-clock working if the union abandons index-linked pay.

The current three-year eastern contract, signed after a 111-day strike in 1978 expires on March 27.

The Pittsburg and Midway settlement may also help break the deadlock between Peabody Coal, the largest U.S. coal producer, and 930 western miners, who have been on strike for a month.

The proposed Pittsburg Midway deal would raise the top hourly wage rate in the industry by $3.96 to $16.91.

$323m sought for aircraft research

House of Representatives subcommittee was urged yesterday to approve the spending of $323.6m in the 1982 financial year on the research and development programme of the National Aeronautics and Space Administration.

A senior NASA official, said the allocation was essential to the maintenance of American leadership in aeronautics.

AP

Battle over command of rapid force

BY DAVID BUCHAN IN WASHINGTON

THE REAGAN Administration is considering placing the Rapid Deployment Force, created by President Jimmy Carter as a U.S.-based quick reaction unit, under the command of the U.S. commander in Europe, General Bernard Rogers.

The option is still being weighed in the Pentagon and White House. It is understood that such a move would be designed to settle a jurisdictional squabble over the force and would not necessarily mean putting the 100,000-strong unit under the command of the North Atlantic Treaty Organisation.

Nevertheless, switching command of the RDF to Europe would underscore the U.S. contention that defence of the Gulf area and oil routes—the most likely task for the force—is as much, if not more, in the NATO allies' interests as in those of the U.S. Britain apart, western Europe depends more heavily on oil from the Gulf than the U.S.

The RDF has been frequently misconstrued since Mr. Carter set it up a year ago. At present, it consists only of a Florida-based command structure, ready to draw, in emergency, on some of the 6⅔ divisions (over 200,000 men) based in the U.S. and not directly committed to NATO or Far East defence.

The RDF is commanded by Gen. P. X. Kelley of the Marine Corps who directs planning and training. But he can only lay his hands on troops by permission of an army general, Gen. Volney Warner, commander of the Readiness Command. This has apparently set the two generals at loggerheads, reflecting the rivalry between their services and made no easier by the fact that they share the same base in Tampa, Florida.

The squabble has been carried on at a higher level among the Joint Chiefs of Staff, where the army, navy and air force chiefs have recommended settling the dispute by handing the RDF command over to Gen. Rogers. But the Marine Corps Commander is holding out for a quite independent RDF command under the marines.

Moving its command to Europe would not necessarily entail any extra deployment of troops there, officials say. But equipment for the RDF might be stored in Europe, which is nearer the Gulf and the Indian Ocean.

Mr. Carter reached agreements with Oman, Kenya and Somalia for occasional use of their military facilities by the U.S. in an emergency. In fact, the U.S. is despatching a couple of hundred men to Oman this weekend for a communications exercise.

But officials note that these agreements leave it up to the host government to determine what constitutes an emergency worthy of an invitation to U.S. troops to intervene.

NATO's charter limits the alliance's area of responsibility to the Atlantic and Western Europe, ending at Turkey's eastern border. European allies have shown no desire to extend it further to the East although there has been talk of naval powers such as Britain and France joining forces on an ad hoc basis with the U.S. in the Indian Ocean. West Germany has offered to try to make good any depletion of U.S. forces in Europe by U.S. operations in the Middle East.

If the RDF command switched to General Rogers in Europe, this might draw NATO into the act, officials said. But a main purpose would be to sort out squabbles over the command structure.

Fed considers curb on mutual funds

By David Lascelles in New York

THE POPULAR money market mutual funds, which have attracted deposits of over $85bn, may be subjected to reserve requirements according to a plan under consideration at the Federal Reserve Board.

The funds have become a formidable competitor to the banking system because they are virtually unregulated and can offer high rates of interest, currently 16-19 per cent, compared with the maximum 14 per cent payable at banks.

Mr. Fred Schultz, a governor of the Fed, told a banking conference this week that making the fund put up reserves would be fairer. Ideally,

Car industry relieved of safety burden for a year

BY IAN HARGREAVES IN NEW YORK

THE U.S. motor industry has again been let off the hook for a year over passive restraint safety systems, popularly known as airbags.

Mr. Drew Lewis, the Transportation Secretary, announced that the car-makers would not be required to fit airbags in their larger 1982 models which go on sale in October.

Previously, the regulations stated that larger cars must be fitted for the 1982 model year, medium cars in 1983 and small cars in 1984.

Mr. Lewis said the change had been made to give the Administration more time to reconsider the issues of car safety. But as far as the industry is concerned the announcement is being taken as an early result of the Reagan Administration's commitment to lightening the load of regulations.

The Administration is also proving responsive to the industry's suggestion that passive restraint systems should become mandatory for small cars first, so that importers will also be required to suffer the expense involved in fitting them.

Airbags work by the inflation of a gas-filled bag across the inside of the windscreen and dashboard of the car in response to a sudden jolt.

Mexico steps up pace of devaluation

By William Chislett in Mexico City

MEXICO has started to increase the pace of the peso's gradual devaluation. Since the beginning of the year the peso has been allowed to slip by 0.68 per cent against the dollar compared with 2 per cent for the whole of 1980.

The quicker pace has been made necessary by the widening gap between Mexican and U.S. inflation rates. Mexico is expecting an inflation rate higher than last year's 30 per cent, while U.S. inflation in 1981 is projected at about 12.6 per cent.

Mexico's consumer price index rose by 3.2 per cent in January.

OECD doubts about Canada's energy plan

BY W. L. LUETKENS

A GLOOMY review of Canadian short-term economic prospects is published today by the secretariat of the Organisation for Economic Co-operation and Development.

At the same time the secretariat voiced its scepticism, however carefully hedged about, of the national energy programme proclaimed in Ottawa last October. It also points out that some of the Canadian provinces are impairing the workings of Canadian economic union by giving preference to their own labour and products.

The energy policy, so far only partly in force, will result in a gradual increase in the Canadian domestic price of oil, at present subsidised heavily, to an eventual maximum of 85 per cent of the world price or of the U.S. price, whichever is lower. The OECD report notes that the purpose is to maintain a competitive advantage for Canadian industry.

In its evaluation of the new policy, the report adds: "The decision to raise domestic oil prices progressively towards world market levels is indeed welcome, both from the viewpoint of the international community and that of the country. Indeed, it would not be in Canada's long-term interest to develop an industrial structure and a consumption and trade pattern significantly more energy intensive than in other countries.

"Although Canada's present position as a net energy exporter gives the authorities greater scope. . . the task of adjusting its economic structure to higher energy prices remains no less urgent. It remains to be seen whether the measure contained in the National Energy Programme which are aimed at facilitating this adjustment will prove adequate."

The OECD politely ignores the fact that the programme has aroused bitter hostility from the oil industry, which claims that the financial elements in it will defeat the objective of giving Canada oil self-sufficiency by 1990. At present the country imports about a quarter of its oil neels, thoug hit is a net exporter of energy overall.

In its overall review of Canadian economic prospects, the OECD expects very modest growth in the short term. The level of non-residential business investment, apart from energy-related projects, is likely to experience little if any growth this year.

Gross national product may make a modest increase this year, but at a rate below long-term potential. As a result unemployment now around 7 per cent may edge upwards

WORLD TRADE NEWS

Okita in Peking for talks on $1bn cancelled contracts

BY TONY WALKER IN PEKING

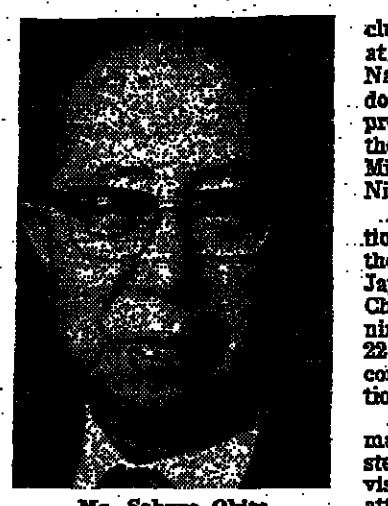
MR. SABURO OKITA, Japan's special trade representative, arrived in Peking last night for talks with the Chinese in an effort to resolve problems caused by the cancellation of contracts for plant and equipment worth more than $1bn.

Mr. Okita's visit is taking place against a background of growing concern in Japan and West Germany over the abrupt termination of agreements signed by the Chinese over the past several years as they embarked on an ambitious modernisation programme.

The recent cancellation of the second stage of Baoshan, the giant $5bn steelworks near Shanghai, signalled the start of savage cut-backs in capital works spending. The readjustment could affect more than 20 projects in which foreign companies are involved.

Thus far, more than 10 contracts for plant and equipment in the steelmaking and petrochemical field have been cancelled as the Chinese implement their programme of economic readjustment.

Japanese officials in Peking said Mr. Okita would seek



Mr. Saburo Okita

guarantees from China that companies would be adequately compensated for losses caused by the cancellations. Mr. Watanabe, Japan's Finance Minister, said last week "it was only natural" the Government should be seeking compensation for Japanese companies.

...Japanese contractors have been notified of cancellations worth about $1.5bn. These include a $420m steel rolling mill at Baoshan, ethylene plants in Nanjing, a $200m plant in Shandong, and a $470m chemical project near Peking. Among the companies involved are the Mitsubishi group, Mitsui, and Nippon Steel.

A number of other cancellations are understood to be in the pipeline and, according to a Japanese official, an official of China's State Economic Planning Mission said recently that 22 projects involving foreign companies are facing cancellation.

A delegation from Schloemann Siemag, the West German steel engineering concern, visited China last week in an attempt to assess the threat to its own contract for a rolling mill at Baoshan. The German company, together with Nippon Steel and Wean United of the U.S., is one of the contractors.

● Reuter adds from Dusseldorf: Schloemann-Siemag said yesterday its managing Board has met to discuss the future of a DM 1.3bn China project, but company officials declined to coment on reports that China wants to cancel the order.

Abdulla Youssef Al-Ghanim

ON MARCH 27, 1979, we reported the resignation of Mr. Abdulla Al-Ghanim, the former Minister of Electricity and Water in the Kuwait Government, following allegations in a Kuwaiti paper that the Minister had acted improperly and corruptly in accepting a tender in connection with the Kuwait desalination project.

Mr. Al-Ghanim instituted proceedings against us for libel, and in the High Court on February 10 the Financial Times acknowledged that there was no substance in these allegations, accepted that Mr. Al-Ghanim at all times conducted himself with complete propriety in his capacity as a Minister of the Kuwait Government, and apologised to him for any embarrassment caused by the repetition of the allegations.

Taiwanese traders study markets in East Europe

BY ROBERT KING IN TAIPEI

TAIWAN'S traders are studying markets in the Eastern European bloc as a means of countering rising restrictions in Western Europe and the U.S.

Its textile makers in particular are now placing greater emphasis on development of that market than on Western Europe, according to an official at the Taiwan Textile Federation, which performs marketing research abroad and oversees quota allocations for Taiwan manufacturers.

The movement to Eastern Europe is due largely to import restrictions in the EEC and what Taiwan terms inequitable allocations, which the lack of formal diplomatic ties make impossible to negotiate, compared with Hong Kong and Korea.

At a trade show held late last month in Hungary, Taiwan manufacturers "discussed" orders worth $17m, of which $10m represented chief-value synthetic sweaters, the Federation official said.

Taiwan has for some time been importing considerable quantities of high-technology Czech and Romanian textile machinery, including shuttless looms and open-ended spinning machines to help streamline production and lower costs.

According to Mr. H. K. Shao, director-geberal of Taiwan's Board of Foreign Trade, two-way trade between Taiwin and the Eastern Bloc totalled $70m during 1980, with Taiwan suffering "a small deficit."

Swiss clothing exports rise 13.5%

By John Wicks in Zurich

EXPORTS BY the Swiss clothing industry rose by 13.5 per cent to a record SwFr 610.1m (£136.3m) last year. Most of these sales went to Western European markets, with West Germany taking 43.7 per cent of total sales.

While average export prices rose by only 1.8 per cent in 1980, those for imported clothing increased by 6.7 per cent.

Swiss import values rose by 18 per cent to a record SwFr 2.29bn, while West Germany, with a market share of 27.8 per cent, remained the major single supplier, followed by Italy and France.

Western Europe remains top U.S. investment site

BY IAN HARGREAVES IN NEW YORK

WESTERN EUROPE continued to be the major site for U.S. manufacturing industry investment last year in spite of the problems caused by a weak dollar.

A report from the New York-based Conference Board, a business research organisation, said it had logged 252 foreign investment projects in 1980, an increase from 159 in 1979.

No overall estimate of the value of the projects was available, although the Board said that 54 per cent of the projects announced carried public price tags aggregating more than $18bn (£7.6bn).

Of the 252 projects, 44 per cent were in Western Europe, 20 per cent in Canada, 18 per cent in Asia and 12 per cent in Latin America.

The chemicals industry is much the largest sector involved, according to the report, which says that 29 per cent of the projects were in chemical and allied industries.

The top three countries for investment were the UK, with 30 projects, followed by Ireland and Japan, with 19 each.

Mr. James Greene, executive director of the Conference Board's international business management programme, said there was a trend towards smaller companies in the overseas investment pattern.

"We have to take our hats off to the British in terms of promoting the country as an investment site even at a time when there are all kinds of questions about Western Europe in the longer term.

Siemens in China licensing deal

BY KEVIN DONE IN FRANKFURT

SIEMENS, the leading West German electrical and electronics group, has reached agreement with China on the licensing of technology for the local manufacture of low voltage generators.

The generators will be assembled in electrical plants run by the China Corporation of Shipbuilding in Shanghai, initially from components supplied by Siemens from West Germany.

As part of the deal for the manufacturing of Siemens' low-voltage synchronous generators in China, the company has undertaken to train a number of Chinese engineers at its plants in the Federal Republic.

● Deutsche Telepost Consulting (Detecon) has won a DM 186m (£37.5m) contract to operate the Saudi-Arabian telex network in co-operation with a local company, AP-DJ reports from Bonn. Detecon is jointly owned by the West German federal postal services and three major West German banks—Deutsche Bank, Dresdner Bank, and Bank Fuer Gemeinwirtschaft.

The contract for operating the Saudi telex network came from the post and telecommunications administration at Riyadh, and it runs for a preliminary three-year period starting February 3, 1981, according to the Postal Ministry.

London seeks EEC leverage in persuading Madrid to shift trade barriers

BY JOHN WYLES IN BRUSSELS AND PAUL CHEESERIGHT IN LONDON

BRITISH FRUSTRATION about Spanish sluggishness in lowering trade barriers on industrial imports has spilled over into the EEC, where concern is growing about the slow pace of Spain's adjustment to the onset of Community membership.

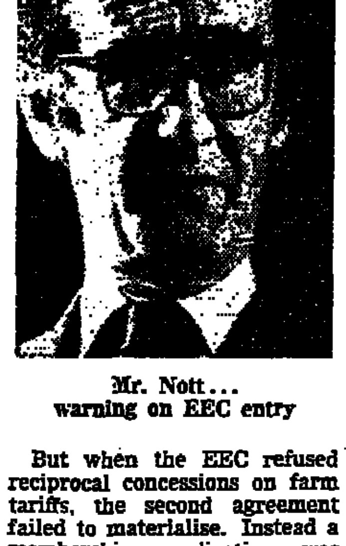
Having applied for membership of the EEC, Spain has apparently felt free to turn a deaf ear to demands from the Ten for the removal of tariffs and other obstacles to selling in the Spanish market.

Spanish tactics appear to be based on the knowledge that Madrid will be forced to agree to a timetable for eliminating its trade barriers to the EEC during the accession negotiations, which are now moving into a detailed phase. Any concessions made in advance, it is apparently felt, will only serve to weaken its bargaining hand. In the meantime it asks for special consideration as a prospective member.

This attitude strikes at the heart of the British position. Mr. John Nott, when Secretary of Trade last year, told Sr. Eduardo Punset Casals, the Spanish minister in charge of EEC negotiations, that unless Spain moved to lower the offending trade barriers, the UK would be less than wholehearted in its support of Spain's EEC membership. Yet, it is feared that, without Spanish membership in the EEC, the trade barriers will not come down anyway.

The British point of view—shared by Ireland and Italy—is that Madrid is not acting according to the spirit of its 1970 preferential trade agreement with the EEC. For Spain this proved to be a generous arrangement.

It provided for a 60 per cent cut in EEC tariffs over three years on Spanish industrial products. Spain, in return, was to cut its tariffs by 60 per cent, but on a more restrictive range of products and also was to operate a system of quotas. Further, it was to have six years to make the adjustment, on the EEC assumption that a second agreement would be negotiated in 1976-77 to harmonise the level and range of Spanish and EEC industrial tariffs.



Mr. Nott . . .
warning on EEC entry

But when the EEC refused reciprocal concessions on farm tariffs, the second agreement failed to materialise. Instead a membership application was received from Spain. This membership application and the general negotiations which followed it were thought to have made moribund the Joint Committee to monitor the 1970 agreement. Indeed it has not met since 1979.

But the combination of the Spanish failure to follow through the 1970 Agreement and its failure to show any flexibility in the accession negotiations prompted the UK to urge the revival of the Joint Committee by the Council of Ministers in Brussels on Monday.

Specifically, the UK complaints, expressed forcibly to the Spanish Government, cover:

● The high average level of the Spanish tariff; on cars, for example, it is 36.7 per cent compared with 4.7 to 4.8 per cent for the EEC, while on electrical generators it ranges from 8.2 to 32.6 per cent compared with the EEC level of 3.2 per cent.

● The home compensation tax, levied on imported goods, which is designed to ensure equality of tax treatment for imported and domestic goods but which, it is believed, bears heavily on imported goods, while being rebated on Spanish exports.

● The administration of quotas: despite some liberalisation, the quotas are said to be applied erratically, without adequate notification of when licences are being issued or when they have all been used up.

● The "Buy Spanish" provisions which apply to the public sector and, it is charged, to those private sector companies receiving public funds: efforts by the EEC to gain a list of those state agencies where procurement rights are exclusively domestic have apparently failed.

● Luxury taxes, which can range up to 26 per cent, for cars, effectively doubling the imported costs.

These complaints are felt acutely because the Government is making a conscious effort to lead exporters towards Spain. "It is a country with great potential for British exporters of consumer goods. It is essential that we should begin to forge trading links now, or we shall find our Community competitors have got there first," said a British Overseas Trade Board manual published this week. But there is little point in promoting an export drive without free access.

Sr. Punset . . .
stern with industry

The Government is, therefore, seeking means of increasing its leverage with Madrid. To this end it is anxious to receive documented evidence of alleged Spanish dumping on the UK market.

To what extent vocal complaints from British industry will help the Government's position is uncertain. UK exports to Spain last year rose more sharply than Spanish sales in the UK. Exports in 1980 were worth £708.9m against £573m in 1979 while imports came to £804.2m last year after £710.9m in 1979.

And it is noted in Brussels that both the UK and Ireland are slightly galled by the fact that not all of the Ten appear to suffer as badly from Spanish restrictions. France and West Germany, it is said, secure better responses in Madrid to their complaints.

But there is more harmony on the general point that the more Spain prepares in advance to meet the terms of EEC membership, the more successful will be the transition. In particular, the UK and others are anxious that Madrid keep to a timetable for introducing value added tax by 1983.

The political reality is that Spanish industry feels distinctly uncomfortable at the prospect of abandoning the protectionist wall built up by the Franco regime and is urging the Government to accept nothing less than a ten years transition period before it is forced to face the full blast of competition in its domestic market.

Any concessions, moreover, might stir up even more misgivings in Spanish industry about the wisdom of membership on the basis of anything but a ten years transitional period. However, there is some consolation for London in the fact that Sr. Punset has told industry that the Spanish Government cannot hold its hand for ever and that industry must face up to the realities of the market economy.

How real that consolation will be depends to a large extent on the degree of power and influence held by Sr. Punset—with his pro-EEC views—after the current re-shuffle in the Government. His advocacy of the EEC is not universally accepted in Madrid.

Ingersoll-Rand plant to close

BY MAURICE SAMUELSON

INGERSOLL-RAND, the U.S.-owned compressor manufacturer, is to close its factory at Trafford Park, Manchester, with the loss of 460 jobs.

Staff have been on short-time working for the past eight weeks. Two previous waves of redundancies shed 100 jobs in the past 18 months.

The company blames the closure, to take effect in July, on the plant's poor order book. It will concentrate its manufacturing resources at two factories in Wigan, where it hopes that some of the Trafford Park staff can be re-employed.

The decision also follows widespread managerial reorganisation in the group in the past six months.

This is the first major closure in the British compressed air products industry, which has generally been weathering the recession more effectively than most other sectors, even though production in the past 12 months is thought to be about 30 per cent down on the preceding year.

Ingersoll-Rand, which was yesterday consulting the unions about the proposed closure, said it had still not decided whether to dispose of the plant.

Trafford Park is the oldest of Ingersoll-Rand's five UK plants, and its closure will reduce the group's total UK workforce to about 11,500.

The British Compressed Air Society said the closure was the first by one of its 60 manufacturing members, who were being hit hardest by the drop in demand from the construction industry. But exports were keeping up well and the effects of the recession were only "variable."

Other main features of the industry were the tendency of the bigger companies to swallow up the smaller ones and the introduction of modern electronics.

Ingersoll-Rand acquired the Trafford Park factory, its first in Europe, in 1921 and expanded it in 1964. In 1972 it acquired a factory at Gateshead as the base for entering the European pump industry.

● A range of compressed air equipment manufactured by Maco Meudon is to be marketed in the UK under the brand name Airmac.

Maco Meudon is a French subsidiary of IBH, which claims to be Europe's biggest manufacturer of construction equipment.

Scotland to get £1m Racal plant

By Guy de Jonquieres

RACAL ELECTRONICS plans to build a £1m factory in Scotland to produce microwave integrated circuits. It expects the plant to provide about 60 jobs.

The factory, at Newbridge, near Edinburgh, will be operated by Racal-MESL, the group's microwave electronics subsidiary. About £180,000 of the cost will be covered by grants from the Scottish Economic Planning Department.

Racal said yesterday that the decision to manufacture microwave integrated circuits directly resulted from its takeover of Decca last year.

The group needs substantial quantities of components for its electronic-based defence systems and airborne navigation aids.

Racal also announced that it was forming two companies in Scotland. Racal-MESL Microwave, based at Newbridge, will be responsible for all microwave component and surface acoustic wave activities.

The other, Racal-MESL Radar, will deal with radar systems and associated business and will be located at Linlithgow, Midlothian.

Sales of these two companies, with Racal's other Scottish subsidiary, *Racal-MESL Security*, are expected to total £17m annually within the next three years.

Rural rail services threatened

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

CUTS IN British Rail's 100 loss-making rural rail services will become unavoidable in about five years unless levels of investment are raised substantially, Mr. Frank Paterson, general manager of the Eastern Region, said in York yesterday.

"The lack of investment and current Government clamps on spending left no cash for the upkeep of branch lines," Mr. Paterson said.

BR's provincial services were forecast to produce £62.7m revenue last year towards direct operating costs of £113.5m.

The resulting loss of over £50m made the rural rail services the biggest loss-maker. But the services were all "on the brink" because of lack of financial support and investment and many faced the risk of closure.

Mr. Paterson gave the warning at the first conference organised by British Rail in the regions aimed at bringing home the nature of the problem to people at the "grassroots" and local authorities.

He called for a greater appreciation by local and national governments of the social value and potential of the rural railways.

Eastern Region had about a third—34—of BR's rural rail services. But these local services failed to cover their direct operating costs by £13m last year and BR would be forced to close lines unless investment increased.

However, Mr. Paterson did not say which lines were most at risk.

Eastern Region had no immediate plans to close lines but had already been forced to [illegible] 70 miles of track—passenger and disused freight track—each year from now until 1986. This would save £4,000 maintenance costs for each mile of track.

These measures would enable the region "to keep going for about five years," Mr. Paterson said.

New parcels office joins network

BY JAMES McDONALD

ONE OF THE most modern parcels handling offices in the world—the £13m Yorkshire centre in Leeds—yesterday joined the Post Office's national network.

It will play an important part in the corporation's fight to expand its 50 per cent share of the increasingly competitive £500m-a-year parcels collection and delivery industry.

With 20 mechanised parcels offices throughout Britain, the Post Office's Royal Mail network will be competing for the £30m of business coming on to the open market this year following British Rail's decision to end its loss-making Rail Express collect and deliver parcels service.

It will meet keen rivalry from many other operators, including National Carriers, which had the BR contract to supply and operate the lorries running the Rail Express service.

The Royal Mail had a great basic advantage over competitors in that it was the only operator geared to calling at every doorstep six days a week, said Mr. D. G. J. Wilkey, chairman of the North East Postal Board of the Post Office, in Leeds yesterday.

The Post Office has already started streamlining its parcels organisation, which five years ago lost £43m in one year. It is now making a small profit.

It has offered competitive prices negotiable with [illegible] customers, improved its productivity and launched vigorous marketing campaigns, including promotional offers.

It handles about 170m items a year, earning about £2[illegible] revenue.

British Gas showrooms not to be hived off

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GAS industry's consumer watchdog body has rejected proposals to hive off British Gas's 1,000 showrooms to private enterprise.

The proposals were made in a recent Monopolies and Mergers Commission report into gas appliance retailing which included wide-ranging criticisms of British Gas's virtual monopoly in the sale of most types of gas appliances.

However, the National Gas Consumers' Council said yesterday in its response to the report that "the total removal of British Gas's retailing function would not be beneficial to consumers."

The council acknowledges that British Gas's present monopoly position operates against the interests of consumers and would welcome greater competition in retailing appliances. But it argues that "the point of competition must be that it encourages the best to succeed. This opportunity *should equally* be extended to British Gas."

The council believes that British Gas's showrooms serve the consumers usefully by providing a contact point for complaints, allowing an opportunity to negotiate part-payment of bills, and giving advice on safety and energy conservation.

The council adds that "it is difficult to imagine the present level of showroom provision being maintained without some form of cross-subsidisation (from gas revenues) and difficult to imagine private companies being willing to carry loss-making branches."

But the council believes that British Gas's competitive performance could be improved by adopting a suggestion by a minority of the Monopolies Commission in its report.

That solution was for British Gas to publish separate accounts for its apliance retailing, installation, and contracting services but leaving the retailing activities with British Gas.

The Departments of Trade and Energy have not yet completed their reaction to the Monopolies Commission's report and recommendations.

Court stops Lonrho move to withdraw concession

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ATTEMPT by Lonrho to reopen a legal issue on which it conceded several months ago in [illegible] sanctions busting [illegible] with Shell and BP was [illegible] by the Court of Appeal [illegible].

[illegible] Denning and two other [illegible] agreed it would [illegible] to the whole pro[illegible] allow Lonrho to [illegible] concession.

[illegible] which is appealing [illegible] High Court judge's [illegible] there is no legal [illegible] its £116m claim, [illegible] to argue that it could [illegible] the UK courts over [illegible] unlawful acts by the [illegible] companies in Mozambique, even though those acts would not have been unlawful if committed in the UK.

Lord Denning said the issue had been included in a series of nine preliminary questions of law that it had been agreed last March should be decided by arbitrators dealing with the dispute.

During the arbitration Lonrho had made it quite clear that it could not contravert evidence by Shell and BP that acts it alleged had been committed by the oil companies in Mozambique, South Africa and Rhodesia were not unlawful in those countries.

Lonrho now wanted to go back on that concession, to say that it had evidence that it could sue over those acts in Mozambique. It had even suggested that United Nations resolutions—on sanctions against Rhodesia—might be given legal effect there.

Lord Denning said Lonrho could not be allowed to go back on its concession. The effect of the concession and the arbitrators' finding based on it was that there had already been a legal ruling on the issue.

Lonrho had had plenty of opportunity to consider the matter in the months before the arbitrators made their finding and could not reopen it now or at any later stage.

Lord Denning added that, in the light of the history of the dispute, it would be entirely prejudicial to the whole proceedings to allow a further legal point to be raised at this stage.

The whole object of the arbitrators being asked to state a case for the consideration of the High Court on the preliminary legal issues had been that, if the issues were decided adversely to Lonrho, that would be the end of the whole case.

The appeal on the remaining legal issues continues today.

Decentralised approach to social services welcomed

BY LISA WOOD

A NEW decentralised approach to the organisation of social services, with social workers being more community-orientated, was welcomed yesterday by Mr. Patrick Jenkin, the Secretary of State for Social Services.

Mr. Jenkin was speaking at the launch of a book on social work called "Going Local: Neighbourhood Social Services," a study of a new approach to social work using small "patch" teams which cover local neighbourhoods.

The current organisation of social services is highly centralised upon local authority departments and very much based on the individual problems of a client. The new approach gives much more autonomy to teams of social workers who would be more community-orientated.

Mr. Jenkin said the approach should not be seen as an offshoot of the town hall but rather the development of a group of people who were not automatically connected with officialdom and who would generate a degree of self-help in the community.

Professor Roger Hadley, co-author of the study, said "patch" work was part of a growing trend towards the decentralisation of services and a more localised community approach. More attention could thus be given to preventative work.

Transport integration plea

FINANCIAL TIMES REPORTER

THE NEED for a well-defined transport policy to integrate bus and rail operations was re-emphasised yesterday by the Central Transport Consultative Committee, British Rail's consumer watchdog.

The committee's remarks were made in a study — The Missing Link—which surveyed the extent of co-ordinated services at 140 railway stations.

Other bodies, including the London Chamber of Commerce, have called for greater co-operation between public transport operators in assessing how the public can best be served at a time of service cuts.

While recognising that it was unlikely that funds would be available for major bus-rail interchange projects, the consultative committee said there were low cost solutions. These included better directional signs, more maps and timetables and improved shelter for interchanging passengers.

But the committee said real progress would only be made "when there is a well-defined transport policy laying down the criteria for each mode and for integration of operations to achieve optimal use of energy and other resources, and this seems to be unlikely in the near future."

Industrial training call

BY ELAINE WILLIAMS

THE NEED for a broad industry "traineeship" for the first 12 months of training was expressed last night by Mr. Charles Bromley, president of the Electrical Contractors Association.

Mr. Bromley, speaking at the association's annual dinner, said the old ideas of rigid, fixed-term apprenticeships should be replaced by a more flexible

The association's proposals are in line with TUC thinking on training expressed recently at a Select Committee on Employment.

Mr. Bromley said the cost of training should be spread equally across all employers and there would be a guaranteed intake of trainees every year so that industry's need for skilled

UK NEWS

Oil group moves towards North Brae development

BY RAY DAFTER, ENERGY EDITOR

THE MARATHON oil exploration group is taking initial steps towards the development of the North Brae oilfield at a likely cost of between £500m and £1bn.

The group, which is already spending £969m on the exploitation of the South Brae Field is working on conceptual designs for a development project on North Brae. These are likely to include the installation of a large, fixed production platform.

If Marathon and its partners are successful with an appraisal drilling programme over the next five months, they could be in a position to submit formal development proposals to the Energy Department by early next year. This would enable production to begin by 1986.

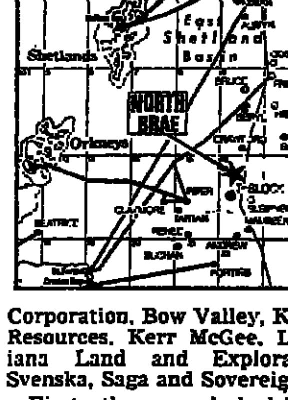
The field lies in block 16/7, about 170 miles north-east of Aberdeen. Marathon, operator of the concession, is drilling an appraisal well on the North Brae structure to gain further information about the reserve potential. It is expected that when the semi-submersible rig Aladdin has completed this drilling programme in about two months it will be used to sink another appraisal hole.

Oil and gas reserves in North Brae are thought to be substantial, although North Sea analysts disagree about their extent. According to Wood Mackenzie, recoverable reserves could be in the range of 50m to 150m barrels of crude oil and gas liquids and 0.3 to 0.5 trillion (million, million) cubic feet of natural gas.

Gilbert Eliott and Co., on the other hand, believes that reserves could be about 400m barrels of liquids and 3 trillion cubic feet of gas.

Consequently, the Brae Field could be a significant contributor of gas to the £2bn gas-gathering pipeline network, planned for the UK sector of the North Sea.

However, the development of North Brae is far from cut and dried. There are two main worries for the developers—Marathon, British National Oil



Corporation, Bow Valley, Kaiser Resources, Kerr McGee, Louisiana Land and Exploration, Svenska, Saga and Sovereign.

First, the appraisal drilling could produce disappointing results. Second, the Government may introduce tax changes that could affect the viability of what would be an expensive development. The companies might want to use revenue from South Brae—due on stream in 1983—to fund the development of North Brae.

The UK Offshore Operators' Association has told Sir Geoffrey Howe, the Chancellor of the Exchequer, that recently announced proposals to introduce a supplementary revenue tax and to change the conditions of petroleum revenue tax could harm exploration and development plans.

The association, representing North Sea oil companies, has urged the Government to take longer over considering tax proposals. Aware that the Chancellor is seeking an extra £1bn a year in North Sea tax revenue, the Associaton has suggested that while the tax system is being reviewed any additional revenue should be raised by means of advanced tax payments.

● THE NORWEGIAN Ministry for Oil and Energy said yesterday that oil companies could apply for permission to search for oil in ten blocks or parts of blocks in the southern part of the Norwegian section of the North Sea under a sixth round of concessions on the Norwegian Continental Shelf.

● OIL WELL fire-fighter "Red" Adair yesterday called for better safety measures on oil installations. He told a conference in Edinburg: "I am never satisfied. There is always room for improvement." The best precaution was training, because 90 per cent of the cause of a blowout was human error.

● BNOC, the state oil company, yesterday made its first donation in Aberdeen towards applied research with a £5,000 cheque presented to Robert Gordon's Institute of Technology. It will be used to buy equipment for corrosion testing in connection with the new post-graduate diploma in offshore materials and corrosion engineering.

Expansion of energy equipment field urged

By Sue Cameron

AN ENERGY equipment market worth "well over £1bn" could be developed in the UK to provide fresh opportunities for British industry, Mr. David Howell, the Energy Secretary, said yesterday.

But he criticised manufacturers for being slow to exploit energy-saving opportunities.

Mr. Howell, speaking to members of the Institute for Fiscal Studies in London, said high energy prices could "themselves provide the motor" for economic recovery in the UK because they would bring increased demand for more energy efficient products and processes.

The potential market for replacing oil fired with coal fired boilers had been estimated at more than £1bn in the UK alone. Similar opportunities existed in other sectors, such as transport.

But Mr. Howell said UK industry would have to do better in the area of energy saving to maintain its competitive position in world markets. Other countries were making the necessary adjustments.

He attacked the "merchants of gloom" who claimed that North Sea oil would lead to a sharp decline in British manufacturing industry. Suggestions that manufacturing output would fall by 9 per cent as a direct result of North Sea oil and the ensuing strength of the pound were "exaggerated."

These forecasts were "far too high." The drop in production was more likely to be about 3.5 per cent.

Unipart team to advance European expansion plan

BY JOHN GRIFFITHS

UNIPART, the parts and accessories division of BL—as well as its most profitable—will take its first big step towards expanding into Europe tomorrow.

Its top management, led by managing director Mr. John Neill, is to meet more than 300 wholesale parts and accessories distributors in Holland, representing virtually all non-franchised parts and accessories wholesale outlets, aimed at drawing them into the Unipart network.

Early next week, the same team will meet up to 400 wholesalers in Belgium with a similar intention.

By the end of this year, three more European countries will have been brought into Unipart's sphere of operations, the company indicated yesterday. The following year, up to three more will be added.

Unipart has had market survey teams working in the Benelux countries for the past 18 months to two years. At the same time, warehousing facilities of BL Cars in Gouda and Antwerp have been hived off to Unipart to establish its own independent operation.

Unipart's traditional role in Europe has been to supply parts and accessories through BL's conventional service and dealer networks. But BL Cars' share of the European market has dwindled in recent years to under 3 per cent.

Now Unipart intends to attack European markets directly, with routine service and other parts which, in the case of Holland and Belgium, says Unipart, will cover 88 per cent of all cars on both countries' roads.

According to estimates by AC Delco, the European components arm of General Motors, and potentially one of Unipart's strongest rivals, total European market for such components is running at about £9bn, the bulk of which is in replacement parts.

In the case of Belgium and Holland its first targets, Unipart estimates that the total replacement markets this year are worh about £365m and £500m respectively. Unipart believes it could win slightly over half oft he trade going to the non-franchised sector in both markets. There are some 4.5m cars on the roads of Holland, and 3.3m in Belgium.

The Dutch and Belgian operators are being offered basically similar facilities to Unipart outlets in the UK, the opportunity to provide about 95 per cent off-the-shelf available on all parts for the 88 per cent of the car market which Unipart is seeking to cover.

They will have availability in 24 hours of other parts, from Bagington if necessary, to meet "vehicle off road" requirements.

Unipart said yesterday it hoped that the wholesaling operation would lead to the establishment of franchised retail outlets within a year.

In the UK, these have been a cornerstone of Unipart's ability to nearly quadruple turnover to about £400m, since 1975.

Minister rejects housing meeting

By Robin Pauley

MR. JOHN STANLEY, Housing Minister, is refusing to meet local authority leaders to discuss whether they are entitled to £54m housing money which they were promised and which was later withdrawn.

The Labour-controlled Association of Metropolitan Authorities and the Conservative Association of District Councils and London Boroughs Association, representing all the housing authorities in England and Wales, have been pressing the Minister for weeks for a meeting.

The problem arose because the £54m was in the Housing Investment Programme for 1980-81 above the cash limit. However, the Government agreed it would be allowed to stand as councils were entitled to carry forward a 10 per cent "tolerance" amount from the programme's allocations in the previous year, although the carry over system would be abandoned for 1981-82.

This decision was reversed when the moratorium on council house building was announced last October. Mr. Michael Heseltine, Environment Secretary, wanted to lift the moratorium after two or three weeks but was pressed by the Treasury to leave it on for the rest of the financial year.

When he announced the 1981-82 housing investment programme allocations in December, he said something had to be done about the £54m which was "still in the system" in excess of the cash limits. He asked local authorities which of four options they preferred.

Two would have penalised councils for spending the carry-forward amount in 1980-81. The associations said this would be unfair as they had Government permission to spend the money at the time.

Another option would have involved penalising 1980-81 underspenders which was also regarded as unfair.

The remaining option penalises every council to the extent of 2.45 per cent of its 1980-81 allocation, to be deducted from the 1981-82 allocation.

Car importers 'too optimistic'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SOME IMPORTERS are patently over-optimistic about the share of the new car market they expect to achieve in 1981, says the Motor Agents' Association.

As a result, a renewed wave of price-cutting can be expected, and many dealers will find themselves overstocked.

The MAA bases its predictions on an appraisal of 1981 supplier forecasts drawn up by its economist, Mr. Neil Marshall.

"Since several importers are among those forecasting an overall drop in the foreign share of 1981's market—largely due to the success of the Metro and Escort—the outlook for franchise-holders could well be even bleaker than the overall assessment [that sales will fall from 1.51m to between 1.4m and 1.5m this year] suggests," states the association.

Its study indicates that dealers for Renault, VAG (Volkswagen-Audi), Fiat, Opel and Talbot are most vulnerable. The last three failed to reach projected targets in 1980.

The association maintains that "the principal danger of wide-of-the-mark forecasting is that dealers will find they are committed to stocks they cannot shift without resort to profit-losing price-cutting.

"If an importer finds he has wildly overestimated the total market size, his only remedy is to adjust his target share still higher to stand any chance of meeting the volume targets on which his whole annual strategy is basically planned."

The 13 importers included in Mr. Marshall's analysis accounted for more than 90 per cent of import sales last year. The total of their targeted market shares for 1981 comes to a nominal 103 per cent "which indicates, on average, that forecasts are 12.8 per cent higher than is achievable."

1891 FORECASTS

	Actual Market share (%) 1979	1980	Total market estimate	Target share	Remarks
Ford	28.3	30.7	1.416m	33.0	1980 target 32.0%
Datsun	6.0	6.1	1.42m	6/6.5	
Renault	5.4	5.8	1.45/1.5m	6.9	
VAG	4.4	4.5	1.5m	5.4	1980 target 4.8%
Fiat	4.6	3.4	1.42m	5.1	1980 target 4.9%
Volvo	2.1	2.5	1.44m	2.7	
Toyota	1.9	2.3	*	*	
Citroen	2.0	1.8	1.42/1.45m	†	1980 target 2.0%
Peugeot	2.2	1.6	†	†	1980 target 1.9%
Opel	1.6	1.5	1.4m	2.0	1980 target 1.9%
Talbot	7.0	6.0	1.42m	8.0	1980 target 8.0%
BL	19.6	18.2	1.42m	20.0	1980 target 20.0%
Vauxhall	6.5	7.2	†	†	

** Toyota is making no announcement prior to outcome of JAMA/SMMT talks.*

† Making no announcement. MAA economist used the following estimates in his calculations: Toyota (2.1%), Citroen (2.0%), Peugeot (1.9%), Vauxhall (8.0%).

Conflict over Bank's discussion paper

By Peter Montagnon

THE Bank of England's discussion paper on how banks should measure their capital base conflicts with established best accounting practice, says the Consultative Committee of Accountancy Bodies.

In a letter to Mr. Peter Cooke, head of the Bank's banking supervision division, the committee says it would be inappropriate to include amounts set aside as general bad debt provisions as part of a bank's capital base.

The Companies Act makes a clear distinction between such provision and reserves, says the committee.

"We regret that the Bank's paper appears to give the impression of doubt about both the observance of this distinction and, indeed, the validity of the distinction itself."

The committee says a general provision for bad debts is only made after careful consideration by a bank's management and its auditors. Together with the specific provision against known bad debts it constitutes an effort to reduce the bank's balance sheet to a level equal to the expected overall recoverable value of outstanding debts.

It cannot therefore be regarded as akin to a reserve which could be included as part of a bank's capital, the letter says.

The committee is also unhappy about the Bank's suggestion that it may wish to adjust the accounts of a bank which it feels has not made sufficient provision against deferred tax and might therefore have to meet such an obligation by drawing on its reserves.

Accountants attack loan restrictions

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

ACCOUNTANTS specialising in small businesses are critical of overdraft arrangements and other lending criteria of clearing banks, says a survey by the Union of Independent Companies.

About 20 smaller practitioner members of the Institute of Chartered Accountants in England and Wales were questioned at the end of last year by the union, which has spearheaded a campaign for the Government to introduce a bank loan guarantee scheme.

The union's report, published this week, appears when the Government is consulting the large clearing banks and the Industrial and Commercial Finance Corporation about introducing an experimental loan scheme soon, to ease lending for small businessmen who cannot give banks sufficient security.

A majority of the accountants included in the survey, and 100 members of the union said that "availability of security" was the main factor in whether banks agreed to lend to small businessmen.

This was more important to the banks than the commercial viability of the business.

"In many cases the security that banks request is far greater than their requirements.

"On occasions known to us they have been persuaded not to take security initially demanded—but it was only by standing up to them firmly that they were prepared to be reasonable," said one respondent.

The majority of accountants and Union of Independent Companies members thought that banks were too conservative when valuing assets to assess security. "I have never found a British bank even remotely interested in plant or equipment" was one response.

Members complained that banks required excessive personal guarantes from directors. "It is clear from many of the replies that the financial hoops through which firms have been made to jump have embittered many directors."

There was general agreement in the survey that it was more difficult for small businesses to raise funds for fast-developing labour-intensive businesses and for those with high-value-added operations.

Proposals for a Loan Guarantee Scheme for the Independent Sector of Industry in the UK—1981. Report of an Ad Hoc Working Party. Union of Independent Companies, 71 Fleet Street, EC4.

Union blamed on cuts

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE National Union of Public Employees was blamed yesterday for Lincolnshire County Council's decision to abandon its school meals service with the loss of 1,500 jobs.

From March, only children entitled to free meals will be served with food in the county's primary schools, and the same will apply in secondary schools from the autumn.

Councillor Peter Henaege, education committee chairman, said NUPE had priced its members out of work by registering an industrial dispute over new contracts offered by the council to school meals staff. The contracts would have enabled the county to continue its cafeteria service in schools.

Encyclopedia of Sciences fetches £3,500

THE SECOND day of Sotheby's sale of books in London realised £80,128. The first edition, 35 volumes, of Diderot and d'Alembert's "Encyclopédie ou Dictionnaire Raisonné des Sciences, des Arts et des Métiers" was bought by A. Lester for £3,500.

Klusman, of Germany, gave the same price for a first edition of tales by Restif, with engraved plates by J. M. Moreau le Jeune. A Dutch private buyer paid £3,400 for a first edition of François Villon's "Les Oeuvres."

English pottery and porcelain sold in the same rooms made £71,491. A "blue-dash" Adam and Eve charger, probably Brislington late 17th century, brought £1,700. The same price was paid for a Chamberlain's Worcester part dinner service in Bengal Tiger pattern

SALEROOM

BY PAMELA JUDGE

W. Buck bought a Worcester miniature tea service for £1,300. W. Williams paid £1,200 for a Chelsea "girl-in-a-swing" double-scent bottle modelled as a parrot and Cochin China cockerel, and £1,100 for a Lowestoft blue-and-white inkwell.

On Monday and yesterday Sotheby-Parke Bernet Monaco finished a minor sale of works of art, furniture, carpets, minor paintings and silver with a total of £257,439.

Provincial lending probe

BY MICHAEL CASSELL

THE EQUAL OPPORTUNITIES Commission is to investigate the mortgage-lending policies of the Provincial Building Society, the ninth largest.

The Commission said it had appointed two investigating Commissioners to examine Provincial's policy and procedure for dealing with joint mortgage applications.

They would in particular consider instructions to staff which the Commission believed might result in women being treated on a less favourable footing than men.

They would examine treatmen of women's earnings in joint applications, which might lead to smaller mortgage offers than otherwise be available under the society's rules.

A spokesman for Provincial said last night that it did not accept the basis of the proposed investigation, and denied that its lending terms were in any way discriminatory.

The Commission's right to investigate in the courts would be challenged. The spokesman added: "The society has tried to discuss its current lending terms with the Commission without success.

"The Commission has also been aware for some time of the society's intention to take proceedings, and indeed requests for information to enable these to go ahead are still outstanding. Under these circumstances, the Commission's decision to issue a Press release is most surprising."

Eric Short explains life assurance defections

Insurance groups at odds

FOUR LIFE insurance companies have left the Life Offices Association in the past 12 months. They are Crown Life, Abbey Life, Schroder Life and Provincial Life—and the latter two resigned within the past few days. In every case, the reason for leaving has been a disagreement over the commission terms which member companies can pay insurance brokers and other intermediaries.

The Life Offices Association and its sister body, the Associated Scottish Life Offices, are the trade associations for life companies operating in the UK. Their aims are varied.

The association represents the voice of the life assurance industry in dealings and negotiations with the Government and its departments, the EEC and other bodies. It collects and analyses statistical data on the industry and provides an educational service for schools.

But its role as a regulatory body for life companies is limited, although it does consider it has a consumer watchdog role. And herein lies the cause of the disputes.

The LOA does not attempt to get directly involved in life company marketing, product design or advertising, although it does operate behind the scenes, if any affiliate does something it does not like. Its direct watchdog role is confined to the issue of a code of practice relating to selling life assurance, a general code relating to the manner in which a life company transacts business and a suggested scale of commissions.

This commission scale sets out the maximum amount of commission life companies can pay insurance brokers. It applies also to other intermediaries other than direct salesmen and full-time staff employed by life companies.

Strictly, the scale bans life companies from paying more than this, particularly what is known as "overriding payments" for large volumes of business, even when such incentives are self-financing.

Scales are drawn up with the LOA and ASLO and have to have the agreement of the majority of members. They are reviewed periodically, the last revision being made towards the end of last year. Prior to that, a major revision took place in 1976. It is a condition of membership that member companies adhere strictly to the scales.

Only LOA and ASLO draw up the scales. The bodies consult with insurance brokers and other interested organisations, but do not negotiate. This feature is causing considerable friction with the British Insurance Brokers Association.

BIBA has been pressing LOA for considerable changes in the commission scales. First, BIBA feels present scales do not adequately reward brokers for the work they do in securing life business. Second, life companies pay the same amount of commission to intermediaries who simply introduce the business to life companies and do no other work. Finally, BIBA would like to see brokers rewarded for larger volumes of self-financing business being placed with life companies.

Negotiations between BIBA and the LOA have been in progress for years over these points. But at the end of last year, LOA decided to make only minor changes to commission scales. On the brokers main points, the LOA was adamant. There was to be no change.

LOA defended its action on the grounds of consumer protection. Payment of "overriding payments," it felt, would encourage brokers to channel too much business with certain life companies solely to gain the extra remuneration. BIBA refutes this charge, pointing out that brokers now have a legal code of conduct governing their dealings with clients.

BIBA also points out that there are no controls whatever on the remuneration life life companies pay to their own salesmen, and if the LOA regulates what brokers are paid they should regulate too the pay of direct salesmen.

Although the majority of LOA members supported the decision to change almost nothing, certain life companies were sympathetic with BIBA's views. These were the newly-formed life companies, which make full use of the services provided by brokers.

They take the view that commission is only one important element in the cost of selling life assurance and to control comission without controlling the overall expense level would not be in the consumer's or lif ecompany's interests. Old-established life companies still regard the insurance broker as an introducer of business.

Almost all new life companies established in the past few years, have deliberately avoided taking out LOA membership. Although the LOA members account for around 90 per cent of all life business transacted, its share of the linked-life market—the fastest growing sector of life assurance—is around 50 per cent.

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Jan. 21, 1981 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	35,393	+1,193
Scottish clearing banks	4,159	− 8
Northern Ireland banks	1,128	− 55
Accepting houses	3,079	−198
Other	10,248	− 91
Overseas banks		
American banks	7,016	−207
Japanese banks	797	− 2
Other overseas banks	5,609	− 70
Consortium banks	612	+ 24
Total eligible liabilities*	68,041	+586
Reserve assets		
UK banks		
London clearing banks	3,775	−777
Scottish clearing banks	462	− 89
Northern Ireland banks	155	− 18
Accepting houses	340	−105
Other	1,147	−225
Overseas banks		
American banks	760	−198
Japanese banks	88	− 20
Other overseas banks	709	−110
Consortium banks	89	− 18
Total reserve assets	7,524	−1,560
Constitution of total reserve assets		
Balances with Bank of England	414	− 71
Money at call:		
Discount market	4,012	−589
Other	224	− 71
UK, Northern Ireland Treasury Bills	565	−803
Other bills:		
Local authority	284	−218
Commercial	1,197	− 54
British Government stocks with one year or less to final maturity	828	+ 46
Other	—	—
Total reserve assets	7,524	−1,560
Ratios %		
UK banks		
London clearing banks	10.7	− 2.6
Scottish clearing banks	11.1	− 2.1
Northern Ireland banks	13.7	− 0.9
Accepting houses	11.0	− 2.6
Other	11.2	− 2.1
Overseas banks		
American banks	10.8	− 2.5
Japanese banks	11.0	− 2.5
Other overseas banks	12.6	− 1.8
Consortium banks	14.6	− 3.5
Combined ratio	11.1	− 2.4
	£m	£m
n.b.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	202	+ 4
2—Finance houses		
Eligible liabilities	444	− 22
Reserve assets	46.4	− 2.9
Ratio (%)	10.5	− 0.1

Special deposits at Jan. 21 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing eligible liabilities were £50,462m (up £1,004m).

Ford drivers return to face pickets from hauliers

BY NICK GARNETT, LABOUR STAFF

FORD COMPANY truck drivers based at Dagenham who were due to return to normal working yesterday following a two-week strike, were met by picket lines formed by drivers working for private haulage companies.

The private haulage drivers were protesting at loss of pay resulting from their adherence to picket lines set up by the company's drivers during their strike.

The company drivers refused to cross the new picket lines. As a result the company was unable to operate the site normally and warned that it might have to start laying off workers again today who have just been recalled following the ending of the company driver's strike.

Drivers working for the private company of Silcock and Colling, which is used by Ford for the transportation of completed vehicles were those principally involved in yesterday's picketing.

Transport and General Workers Union officials representing the drivers and Silcock management were negotiating last night to try to resolve the dispute.

The Silcock and Colling drivers were understood to be in dispute over payments lost during the strike by Ford company drivers. Company drivers involved in the two-week stoppage, which resulted in more than 19,000 layoffs at a number of the company's sites, had set up their own picket lines.

Silcock and Colling drivers, with those from other private haulage companies, refused to cross the lines. Silcock is understood to have stopped payments because of this action. Yesterday's picketing was designed to have those payments restored.

The new picket lines are thought to have upset Ford *union leaders. Mr. Ron Todd,* Transport and General Workers Union national organiser and Ford union negotiator, will almost certainly become involved in the dispute today if last night's talks do not result in the removal of the pickets.

The Ford company drivers who reported for work yesterday but did not clock on are used to move parts in the Dagenham site as well as taking material in and out of the town.

Steel union still opposes rescue plan

By Our Labour Correspondent

TALKS BETWEEN the British Steel Corporation and the main steel union, the Iron and Steel Trades Confederation, ended yesterday without agreement on the corporation's "survival" plan, or on its pay offer of 7 per cent from July, after a six-month pay freeze.

Mr. Peter Broxham, BSC's director of industrial relations, said after the meeting: "I am disappointed at the lack of progress."

The talks, which were adjourned from January 20, have been adjourned once more, though no date has yet been fixed.

The ISTC is the only steel union still refusing to accept the terms of the "survival" plan, or of the wages deal. However, its members at the Llanwern and Port Talbot plants have accepted the local plans.

A draft agreement presented to steelworkers in the Teesside division proposed extensive changes in working and trade union practices, to which the ISTC is opposed.

However, ISTC members, in common with other union members, signed agreements at the Llanwern and Port Talbot works in South Wales earlier this year. Negotiations are continuing in the other BSC regions.

Times print men back new disputes formula

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. RUPERT MURDOCH'S conditions on future working practices at Times Newspapers, and the general principles of his proposals on de-manning, were agreed by a number of important chapels (office branches) yesterday.

All 54 chapels at the group must agree to the manning cuts by tomorrow midnight if the deadline—imposed by International Thomson, the present owner—is to be observed.

Chapel officials for the National Society of Operative Printers, Graphical and Media Personnel met early yesterday. They welcomed the new disputes procedure—which has little, if any, disciplinary element—and endorsed the proposal made by Mr. Murdoch on Monday night that all redundancies will be voluntary.

The National Union of Journalists' chapel on The Times met at lunchtime and accepted the disputes procedure subject to clarification, but rejected a three-month wage freeze and demanded that the supplements remain closely linked with The Times.

It is not thought that the journalists' rejection of the wage freeze will significantly affect negotiations between the two sides, due to take place today.

However, officials of the NATSOPA clerical and machine chapels continued to stress the gap between the manning cuts proposed by Mr. Murdoch and the levels they were prepared to accept.

An underlying problem is a lack of agreement on manning levels. Mr. Murdoch's negotiators have been working on staff cuts drawn up by the present Times Newspaper management, which the unions reject.

There is also some ambiguity over when a redundancy is considered compulsory. Mr. Murdoch wants redundancies where new technology causes jobs to disappear. Chapel officials fear this might be interpreted as as invitation to close entire departments.

Mr. Murdoch is due to appear before the Commons Select Committee on education today to answer questions about his plans for The Times Education and Higher Education Supplements.

● Journalists employed by Associated Newspapers have agreed to support moves to refer their employer's £7.76m take-over bid for Bristol Evening Post to the Monopolies Commission.

Pauline Clark says failure to arbitrate could badly hit shipowners and union

Vital stage in seamen's pay dispute

IF IT were not for the extraordinary twists and turns in events that have beset the national seamen's pay dispute for the past six months, it would be possible to predict with certainty that today will see the end of four weeks of industrial action by the National Union of Seamen.

The union has argued forcefully for arbitration for more than two months now. The executive council of the union would appear to the world as something worse than churlish if, after having finally squeezed this concession out of the reluctant shipowners, they should throw it back in their faces.

It was only last Sunday, however, after the breakdown of talks under the roof of the Advisory Conciliation and Arbitration Service, that Mr. Jim Slater, general secretary of the union, was angrily denouncing the General Council of British Shipping for changing its mind too often and too late.

It appeared to be his own view, and he believed it would be the view of his members, that arbitration was no longer acceptable after four weeks of strikes.

As had so often happened during his many press briefings at the union's headquarters in Clapham, he regaled his audience with graphic tales of how Captain William Bligh was still alive and well on the high seas committing outrages against striking seamen stranded with barely a change of clothes in foreign ports.

There was no question in his mind that the strikes should go on to bring the shipowners to heel once and for all, and that seamen should hold out until their claim for overtime pay at time and a half was achieved to lift them out of centuries of exploitation and suppression.

Yet only the following day Mr. Slater was Telexing the GCBS with an offer to consider arbitration on the overtime pay issue after all providing the on account payment was improved from 9.4 per cent to 12 per cent.

In the public slanging match which has characterised the dispute paticularly since the start of industrial action, both sides have repeatedly accused the other of untrustworthiness and inconsistency.

Influence

The employers early on offered 9.5 per cent, saying it was all the industry could afford and then in stages raised the offer to 12 per cent. Until last week they were dead set against arbitration. Now they have accepted it as a way out.

The union moreover accuses the employers of dishonesty in its pleadings of poverty when it believes they are actually intent on breaking the influence of the union on seamen.

"The industry is losing £1m a day because of our strikes when it would only cost £11,000 a year for each ship to grant our claim," Mr. Slater argues.

The GCBS, for its part, has more than once criticised Mr. Slater for being impossible to deal with. In talks at ACAS four weeks ago the two sides seemed on the point of seriously considering a 12 per cent deal when the union side packed up and went home.

In the first week of the strike Mr. Slater indicated that a restructured 12 per cent offer might have been acceptable; but when the GCBS finally reached him after a number of phone calls he turned down any idea of a restructured 12 per cent.

Unusually in a dispute causing serious damage to a major industry the two sides did not even speak to each other for three weeks after that phone call. Indeed, until last weekend they appeared intent on sitting back obstinately waiting to see whose members revolted first.

Mr. Jim Slater, NUS general secretary, who told the Press of how Captain Bligh was still alive on the high seas outraging striking seamen.

So why has the dispute been so prolonged when the solution which the union's executive is expected to accept today could have been taken up four weeks ago and averted what has turned out to be the most damaging period of industrial action to hit the industry since the 1966 seamen's strike?

One factor was certainly Mr. Slater's missionary zeal in the cause of rescuing seamen from the dictates of modern day Captain Blighs, of whom he says there are many, who force seamen to work long hours for poor rewards and whose conduct in industrial relations at sea he likens to the behaviour of the early 19th century Lancashire millowners.

But the strategy of not calling for a ballot on all-out strike action was also a contributory factor. It made it easier for the Government to keep to its policy of non-interference with wage disputes because there was no hue and cry from a public which might otherwise have seen shelves beginning to empty in the supermarkets.

Strength

But there is another major factor which has more to do with the growing tendency in recent years for disputes to be used by large employers' organisations and major unions as a vehicle for testing the strength and weakness of each other—costly experiments which can have a far-reaching effect on their destinies in the years ahead, and on how they will relate to each other across the bargaining tables in the future.

Trials of strength between employers and unions are what most industrial disputes are all about. But in the shipping industry, where there has not been major industrial action for nearly 15 years, both sides embarked on the conflict with considerable uncertainty about the organisational powers of each other and about the viability of their existing negotiating structures.

The NUS, having once succeeded in gaining strong backing for industrial action from its members, was encouraged to continue in the belief that more and more companies would break away from the GCBS and sign separate deals following the Canadian Pacific 14 per cent settlement of two weeks ago.

The GCBS, meanwhile, was busy assessing reports from its members that many ships' crews were reluctant to take industrial action.

A similar battle was fought between the British Printing *Industries Federation and the* National Graphical Association in the general print and provincial newspaper confrontation of last spring. After nine weeks of action the NGA adopted a similar strategy to the seamen, picking off companies prepared to make local deals and succeeding, in their case in breaking of the employers' front.

To a lesser extent the Engineering Employers Federation and the Amalgamated Union of Engineering Workers underwent a similar test during the shorter working week dispute of 1979.

The shipping industry presents problems of unity to both ship-owners and union. The interests of both employers and seamen in oil tanker companies for instance, compared with deep sea cargo traders and again with ferry companies, all of varying sizes, are very different.

Waning

The idea of dividing the industry into different sectors for bargaining purposes has already been mooted and may be explored again once the present dispute is over.

But if arbitration is not accepted today, the union may well see support waning from its members, mainly ferrymen on consolidated pay rates, who have little to gain from the overtime pay issue, and the GCBS see a major split in its ranks between those who can afford continuing strikes and those who cannot.

Insurance staff accept 13% deal

By Our Labour Staff

STAFF AT the General Accident insurance company have accepted a pay deal giving rises ranging from 12.5 to 13.5 per cent on salaries. It also provides for up to 1.5 per cent extra if company performance targets are met.

London Clearing Banks' balances

as at January 21, 1981

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	£m	Change on month £m	£m
LIABILITIES				
Sterling deposits:				
UK banking sector	5,464		−61	
UK private sector	40,482		+397	
UK public sector	1,034		+510	
Overseas residents	4,551		−27	
Certificates of deposit	2,272		−120	
		53,802		+700
of which: Sight		18,384		−234
Time (inc. CD's)		35,419		+934
Foreign currency deposits:				
UK banking sector	9,225		+1,798	
Other UK residents	1,789		+289	
Overseas residents	18,857		+65	
Certificates of deposit	1,587		+13	
		31,458		+2,165
Total deposits		85,261		+2,865
Other liabilities*		12,524		−79
TOTAL LIABILITIES		97,785		+2,786
ASSETS				
Sterling				
Cash and balances with Bank of England		1,288		−152
Market loans:				
Discount market	2,297		−355	
UK banks	8,745		−483	
Certificates of deposit	1,732		−115	
Local authorities	1,130		+19	
Other	1,047		−53	
		14,952		−987
Bills:				
Treasury bills	208		−428	
Other bills	1,133		−245	
		1,340		−673
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,577		+61	
Other	1,941		+37	
		4,517		+98
Advances:				
UK private sector	31,835		+2,003	
UK public sector	413		+177	
Overseas residents	2,893		−297	
		35,142		+1,882
Other sterling assets*		7,586		+433
Foreign currencies				
Market loans:				
UK banks and discount market	7,470		+377	
Certificates of deposit	213		−54	
Other	14,164		+1,880	
		21,847		+2,203
Bills		32		−3
Advances:				
UK private sector	2,107		−34	
UK public sector	762		+6	
Overseas residents	6,389		−8	
		9,258		−35
Other foreign currency assets*		1,823		+19
TOTAL ASSETS		97,785		+2,786
Acceptances		871		+18

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	85,261	+2,865	24,317	+589	14,969	+279	17,989	+620	25,532	+1,166	2,453	+211
ASSETS												
Cash and balances with Bank of England	1,288	−152	348	−72	232	−12	281	−68	390	+1	36	−1
Market loans:												
UK banks and discount market	18,512	−462	5,300	−281	2,770	−190	2,723	−90	7,198	+56	521	+42
Other	18,286	+1,678	5,194	+151	4,502	+335	3,344	+568	4,675	+438	572	+186
Bills	1,372	−676	329	−112	179	−78	371	−206	466	−232	26	−43
British Government stocks	2,577	+61	820	+48	341	+26	787	+1	555	−14	74	—
Advances	44,400	+1,847	12,907	+667	7,412	+51	10,300	+497	12,487	+606	1,294	+27

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Out-standing £m	TOTAL Change on month £m	BARCLAYS Out-standing £m	BARCLAYS Change on month £m	LLOYDS Out-standing £m	LLOYDS Change on month £m	MIDLAND Out-standing £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Out-standing £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Out-standing £m	WILLIAMS & GLYN'S Change on month £m
Eligible liabilities	35,211	+1,201	10,786	+509	5,511	+55	8,531	+219	9,228	+416	1,156	+2
Reserve assets	3,756	−768	1,100	−220	615	−145	946	−151	972	−222	122	−30
Reserve ratio (%)	10.7	−2.6	10.2	−2.6	11.2	−2.7	11.1	−2.1	10.5	−3.1	10.6	−2.6

Thatcher refuses to intervene over pit jobs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

Mrs. Thatcher: "I am not directing this industry"

THE Prime Minister yesterday refused to intervene to prevent the National Coal Board going ahead with its plans for cuts in production which could mean the loss of more than 20,000 jobs.

She came under heavy pressure in the Commons from Mr. Michael Foot, the Opposition leader, following the meeting at which the coal board unveiled its proposals to the National Union of Mineworkers.

Later Mr. Dennis Skinner (Lab., Bolsover), who had just come into the chamber from the talks at NCB headquarters, tried to get an emergency debate on the subject. His appeal was rejected by the Speaker, Mr. George Thomas.

Mr. Foot said serious issues arose from the meeting. It was utterly deplorable that the NCB should contemplate closing pits which still had coal in them when there was a world energy crisis.

He wanted to know how this squared with the undertakings given at the Venice EEC summit meeting which said member countries should make the greatest use of their indigenous fuels.

Mrs. Thatcher told him: "It is a matter for the National Coal Board to consider in the light of all their duties—coal stocks, requirements, productivity and the prices they are charging.

"We have already fixed the external financing limit of the NCB at the very considerable sum of £882m."

Returning to the attack, Mr. Foot insisted that it was a matter for the nation. He asked for an undertaking that the NCB would take no further steps along this road until the matter was debated in the Commons.

He urged that there should be a return to tripartite decision-making on the future of the coal industry, with the NCB, the unions and the Government taking part.

Firmly, Mrs. Thatcher said: "It would be quite wrong for the Government to attempt to manage each separate nationalised industry."

It was the Government's duty, in conjunction with the NCB, to fix the amount of finance available. The £882m was in addition to the price for coal which the consumer would have to pay. On top of that, there was the increased price of electricity because of the high price of coal.

Again Mr. Foot intervened to tell her that the country would not recover from the recession if the Government let the coal industry slide.

Retorted the Prime Minister: "I am not directing that industry. It is for the management of the NCB to make these arrangements. We shall stand by the arrangements."

Mr. Skinner told the House that if the coal industry's future was to be assured, it was necessary to curb coal imports. These had risen threefold since the last year of the Labour Government.

In accordance with Government policy, he said, the coal industry was increasing productivity faster than any other industry. In view of this, he wondered why it was intended that parts of it should be thrown on the scrap heap.

As a result of the meeting at the NCB, union branches throughout the country had let it be known they were not going to stand for the closure programme.

Dennis Skinner: He tried for an emergency debate

Sandwell case will affect law review

THE SANDWELL closed shop case will figure in the Government is review of trade union immunities, the Prime Minister told the Commons yesterday.

The case of 20-year-old Joanna Harris, the poultry inspector wiht Sandwell Council who faces the sack for refusing to join a union, has caused a storm and Mr. James Prior, Employment Secretary, saw Miss Harris at Westminster on Monday night.

Mr. Michael Ancram (C., Edinburgh South) said yesterday that a person's right to work should not depend on union membership. The closed shop was a denial of free choice.

Mr. Ancram asked Mrs. Thatcher during Prime Minister's Qestion Time if she would study the Employment Act with reference to Miss Harris.

Mrs Thatcher "entirely agreed" with Mr. Acram's comments about the closed shop and hoped people would take full advantage of the Act's new compensation provisions.

"We are reviewing the law and considering what to do about it in the light of the Sandwell case," she added.

Later, without debate or a vote, Mr. Den Dover (C., Chorley) was given leave to bring in his Fredom of Association Bill, which provides the freedom to belong or not to belong to a trade union.

Pauline Clark writes: The National and Local Government Officers Association, the main union involved in the Sandwell closed shop row, claimed yesterday that "most staff" in the council favoured the closed shop agreement.

The claim was rebutted by the Freedom Association which says the Employment Protection Act had been "less than useless" in helping council employees resist the agreement.

It said 300 employees had been forced to join unions party to the agreement.

Mr. Gerald Hartup, branch organiser for the Freedom Association, said the association had offered moral and legal support to Miss Harris, and to the Rev. Frank Priest, a part-time employee as a Christian counsellor. Neither wanted to join a trade union.

Mr. Sid Platt, West Midlands district organisation officer for NALGO, said union members who were in the majority at Sandwell, were consulted before the closed shop agreement came into effect.

"Had Joanna Harris joined NALGO prior to the introduction of the closed shop agreement, she could, like everyone else, have influenced the decision

Student loans

A DECISION on the introduction of a loan scheme for students, to replace the present grant system, should be made this summer, Dr. Rhodes Boyson, Education Under-Secretary, said.

TRC shares sale 'purely for dogma'

BY IVOR OWEN

GOVERNMENT claims that the introduction of private capital will greatly benefit the Radiochemical Centre (TRC) were disputed by Labour MPs in the Commons last night.

Mr. Norman Lamont, Energy Under-Secretary, described the company, wholly publicly owned and controlled by the Atomic Energy Authority — as a world leader in the manufacture and marketing of radioactive isotopes.

He was moving the second reading of the Atomic Energy (Miscellaneous Provisions) Bill which seeks to enable the Government to sell up to 100 per cent of the shares in TRC.

Mr. Ted Rowlands, Opposition Energy spokesman, accused the Government of applying its "privatisation" policy to TRC purely for reasons of party dogma.

He dismissed the argument that the sale of the shares would contribute to reducing Government borrowing.

He warned that there was a real danger of it being snapped up by a foreign owner, such as a major American pharmaceutical concern. He called for an assurance that the Government would not allow this to happen.

Mr. Lamont recalled that it had been envisaged that private shareholding would be introduced into TRC as long ago as 1971.

TRC was "plainly an excellent candidate for privatisation." The company's board had been consulted and agreed in principle with the disposal of the shares.

Mr. Lamont explained that the Government wished to have the option of selling more than half the shares. The Bill amended an earlier statute which required that the Energy Secretary and the Atomic Energy Authority between them should hold at least 50 per cent of the voting shares.

The Bill was given a second reading by a majority of 45 (181—136).

Pressure to stop 'tapping'

BY JASON CRISP

STRONG PRESSURE was put on the Government to stamp out political telephone tapping. The pressure came during the committee stage of the British Telecommunications Bill.

A new clause tabled by Mr. John McWilliam (Labour), sponsored by the Post Office Engineering Union, set out tight legal requirements authorising tapping to prevent crime, spying and terrorism but banning it for political reasons. It was supported by Liberal and Conservative MPs.

Mr. John Gorst, Tory backbencher, expressed support for the clause and said he was worried that "fishing expeditions" for crime would go on through telephone tapping.

The clause was not voted on yesterday as it was talked out. It will be voted on at Thursday's committee meeting.

Mr. McWilliam said the prime purpose of the clause was to create a statutory authority for telephone tapping in Britain.

Last year the Post Office Engineering Union published a critical report on telephone tapping and called for a public inquiry into its abuse. The report said tapping had increased significantly, technology changes were making it easier and less detectable.

'Press U.S. to buy British weapons'

By Michael Donne, Aerospace Correspondent

THE U.S. Government should be pressed to buy British guided weapons, to help offset the cost of the UK purchase of the Trident nuclear missile system.

Admiral Sir Raymond Lygo, chairman of the Dynamics Group of British Aerospace, told the Commons Defence Committee late last year (the evidence is now published for the first time) that much of the work coming to the UK on the Trident missile system would not be in high-technology areas.

Although the U.S. intended to buy the UK Rapier anti-aircraft missile, "very much more needs to be done to obtain an equitable balance," said Sir Raymond in his evidence to the committee.

He pointed out that there was a danger of under-use of high-technology capacity in the UK guided weapons industry unless some more substantial missile development programmes emerged.

"I do not think there is any doubt that unless we receive some programmes, which we do not have at the moment—we have lost programes this year as a result of defence cuts already—there is no way in which I can maintain my present level of engineers.

"It is very worrying, because the whole history of the British defence industry since the end of the war has been to turn the tap on and off at regular intervals, and you cannot do that with people.

Do not underrate movement, Jenkins tells U.S. businessmen

BY MARGARET VAN HATTEM, LOBBY STAFF

MR. ROY JENKINS yesterday gave an indication of the sort of opposition a social democrat party might provide when he attacked the Government's monetarist strategy.

He told an American Chamber of Commerce in London that British industry was being crucified on the cross of an overvalued pound.

The Government, he said, was pursuing a rigidly non-interventionist policy towards the exchange rate for fear of jeopardising the limited control it had achieved over the money supply. It hoped a high sterling rate would mitigate the effects of its early policies.

Meanwhile, the pound was "soaring" to totally unjustifiable levels and would "inevitably" crash down again.

"Better to bring it down, moderately, sooner, rather than letting it drop much further, later, after we have permanently destroyed much of our productive capacity," he said.

The Government should introduce contraints on capital inflow, following the example of the Swiss and West German governments. It should cut interest rates and should "talk the rate down."

As soon as it achieved a more stable level, sterling should join the European Monetary System, using the wider 6 per cent margin of swing, to restrain further uncontrolled movements.

Mr. Jenkins, banker, former President of the EEC Commission, and founder-member of the Council for Social Democracy, spoke only briefly and in the broadest terms about his hopes for a realignment in British politics, centred on the prospective formation of a social democratic party.

He told his audience not to underestimate the movement, predicted "a major development in the politics of this country such as we have not seen for several generations," and spoke of "a remarkable nerve response bringing in many previously alienated from conventional politics."

He made no reference to the announcement earlier by Mrs. Shirley Williams, a fellow member of the Gang of Four, that she had decided to leave the Labour Party and that a new party could be formed very soon.

His speech was seen as the start of a campaign to establish the embryo party as an active, albeit extra-parliamentary, part of the opposition before the next election and an attempt to show that, in the central debate over the Government's economic policies, he can mount a more specific and incisive attack than Mr. Michael Foot, the Opposition leader.

Like the Prime Minister, who has been preparing for her approaching visit to Washington with a series of speeches to American audiences underlining her sympathy for President Reagan's policies, Mr. Jenkins appeared anxious to leave his largely American audience in no doubt where he stands on key economic issues such as monetarism, and protectionism in trade.

Already threatened sectors such as the car and steel industries showed signs of a return to major protectionism. "Don't let us fall back into protectionism thinking that short-term sectoral gains can be achieved without deep-seated long-term damage."

Restriction on crime coverage relaxed

A SWEEPING restriction on media coverage of crime and court stories in the Contempt of Court Bill was relaxed by the Government yesterday.

Only reports creating a "substantial" risk of prejudice in legal proceedings will be open to prosecution as a result of an Opposition proposal accepted by Lord Hailsham, the Lord Chancellor, during the report stage.

Previously any report which could be held to create any degree of risk would have been liable for a contempt prosecution.

Lord Elwyn Jones, the former Lord Chancellor, welcomed the concession. It would "give assurance and indicate the intention that contempt of court should only apply to serious cases giving the risk of serious prejudice."

Lord Wigoder, Liberal spokesman, a Crown Court Recorder, said: "The word 'substantial' will assist the media and diminish the restrictive effect which the liability rule is bound to have."

Lord Wigoder said the Government's concession would be "widely appreciated both inside and outside the House of Lords." But Lord Hailsham suggested the distinction was academic.

The Government's Contempt of Court Bill seeks to clarify the law on contempt. It is also designed to ensure that defendants get a fair hearing.

Carrington sympathetic to aid body funds plea

By David Tonge

ment Corporation said yesterday that Lord Carrington, the Foreign Secretary, had given "a very sympathetic hearing" to its plea to be spared from the Government's spending axe.

Lord Kindersley and Sir Peter Meinertzhagen, the CDC's chairman and general manager, THE Commonwealth Development argued that the aid programme's most cost effective and profitable section should be allowed more funds.

"We are reaching the crunch point. If a decision is not taken now we will have to decide whether we can take on new projects with confidence," Lord Kindersley said afterwards. The matter is to be considered by Ministers.

The CDC, a statutory body set up in 1948, helps to channel private investment to developing countries. A Whitehall review of CDC has just given a broad endorsement of its efficacy.

It has had its share of the aid budget slashed, but is constrained from borrowing abroad by the limits on public sector borrowing.

Lord Kindersley said the CDC is asking to be allowed to borrow abroad and to keep a sufficiently large annual Treasury allocation to allow it to offer finance at rates competitive with the World Bank.

He said that he hoped a decision would be made before Lord Carrington sets off for Nigeria on Tuesday.

The Foreign Office says a decision will be taken "as quickly as possible" and communicated to Parliament.

Damage rule may be tightened

THE GOVERNMENT is to consider introducing stricter rules of liability for damage caused by leaks from the water supply.

The most common cause of damage was burst water mains, Mr. Giles Shaw, Environment Under-Secretary, told MPs yesterday at the Commons standing committee on the Water Bill.

Water authorities were not liable in law unless they had been negligent—which was difficult to prove.

He agreed with opposition MPs who called for a stricter liability rule and said: "I am prepared to consider a Government amendment on stricter liability."

Liability for damage caused by sewage seepages will also come under scrutiny.

Mr. Ted Graham (Enfield, Edmonton), said: "There is a major national task ahead of us as far as the renewal of the antiquated sewer system is concerned."

Left's victory is to vanquish the status quo

BY RICHARD EVANS, LOBBY EDITOR

THE PAST few weeks have been bad enough for Mr. Michael Foot as he struggles to kepe the Labour Party together in the face of the challenge from the Council for Social Democracy.

The next few months may be even worse, however, and the most dangerous challenge could yet come from inside the party. Among the constitutional reforms pushed through by the Left in the past two years is one calling for the automatic reselection of MPs by their constituency parties.

Michael Meacher faces the hazards of re-selection

No one can be sure what political effects this will have.

The Left's objective was to make MPs more accountable to party activists, and in the Left-dominated constituencies this is likely to mean that middle-of-the-road MPs, who look to the voter rather than the party for support, may be pushed aside.

As many as 40 — or as few as 10 — members could lose their party nomination in this way. Most would probably split the Labour vote by fighting as independents if they did not joint the Council. Add to them the 11 MPs already in the Council (plus Mrs. Shirley Williams and Mr. Roy Jenkins) and another 20 seats which Labour is going to lose through boundary changes, and the arithmetic is daunting.

Within the party, reselection could alter significantly the balance of power, tilting it more to the Left and, possibly, compounding Mr. Foot's problems further.

The irony is that, although the process of re-selection will be rushed through in a matter of months, the process will have to be repeated in many constituencies before the next election because of boundary redistribution.

Some moderate MPs believe that unless the Right matches Left-wing tactics with equal drive, it is in this second round that the greatest damage could be done.

Newly formed or radically-changed constituencies would be ripe for takeover. In many cases, only Left-wing candidates would stand a chance of adoption.

Potentially the most explosive area initially is west Yorkshire, where the National Union of Mineworkers led locally by Mr. Arthur Scargill has taken control of a number of seats including Barnsley, where the MP is the well respected Right-winger Mr. Roy Mason.

The former Northern Ireland Secretary has strongly opposed the formation of the Council for Social Democracy and is determined to stay in the Labour Party and fight.

If he is deposed, the consequences will be considerable. It will be regarded as a naked political move by the Left against an MP with an excellent record.

The Left refutes the view that re-selection will take place only for political reasons. With some justification, they point out that some MPs are incompetent and should be replaced, or simply do not represent sufficiently the views of those who chose them.

The first MP to experience the hazards of re-selection is likely to be Mr. Michael Meacher, the Bennite Left-wing member for Oldham West,

POLITICAL REALIGNMENT

where the general management committee has fixed March 29 as the date.

This will probably put him ahead of Mr. Peter Hardy of Rother Valley, where a timetable has to be decided. This is another of the seats controlled by the NUM. As a teacher, Mr. Hardy could be vulnerable.

So might Mr. Edwin Wainwright (Dearne Valley) and Mr. Albert Roberts (Normanton), should both decide to stand again.

All three Bradford seats—held by Mr. Ben Ford (North), Mr. Tom Torney (South) and Mr. Edward Lyons (West)—have been heavily infiltrated by the far Left. Re-selection is considered highly probable.

The other fluid area is the North-West. Mr. Ken Marks expects trouble at Manchester Gorton and two Liverpool MPs—Mr. Eric Ogden (West Derby) and Mr. James Dunn (Kirkdale)—will probably be replaced.

Another, Mr. Dick Crawshaw (Toxteth) has already joined the Social Democratic Council.

Some Midlands constituency parties have growing numbers of Left-wing activists, including Coventry South-east and Stoke-on-Trent.

Inner London with its fluid population in the bed-sits is certain to see a number of MPs replaced, either for political or purely local reasons.

Mr. Michael O'Halloran (Islington North) has had running battles with local opponents. Mr. George Cunningham, the able and independently-minded MP for Islington South and Finsbury, faces strong opposition from the far Left.

There are two or three seats in West Central Scotland where the sitting MP could be "de-selected," including Dr. Maurice Miller at East Kilbride.

After the decision on re-selection was taken at the 1979 party conference, it had to be referred back to last year's conference because of technical drafting errors.

Since then there has been a running conflict between Left and Right on the National Executive Commitee and the organisation subcommittee over the method to be adopted.

The organisation subcommittee, chaired by Mr. Eric Heffer, MP for Liverpool Walton, proposed that constituencies satisfied with their MPs should be allowed to conduct the re-selection on the basis of a short-list of one—equivalent to a simple endorsement of the sitting member. This plan was rejected by the full executive and referred back.

The latest position which looks certain to receive the endorsement of the NEC next this month, despite some opposition from Mr. Foot and the moderates is that it will be left largely to local management committees to decide whether there should be a contest.

There will be an appeals procedure to the NEC and, it is feared, the possibility of litigation in many cases.

Some Left-wingers naively assume that most deposed MPs will go quietly. They will almost certainly not.

The examples of Mr. Dick Taverne at Lincoln and Mr. Eddie Milne at Blyth show that seats are winnable without a party organisation.

Setting aside the inevitable feelings of pride, revenge or self-justification, they will stand because they would have an irresistible financial interest in splitting the Labour vote.

Unless he stands, a deposed MP has no claim on parliamentary redundancy allowances. He would be assumed to have retired and would have to wait until 65 to draw his pension. The constitutional issues are irreversible. Even if they are modified in the next year or two, there is no prospect of reverting to the status quo.

As a teacher, Peter Hardy could be vulnerable

The changes in the way the leader is elected and how MPs are re-selectel are more than a minor re-distribution of power from Right to Left and from the Parliamentary Labour Party to the unions and the constituencies. They will affect fundamentally the way the Labour Party operates.

Many moderates, even though they have decided to stay on and fight in the Labour Party, fear the worst. Mr. Foot has pledged to try to modify some of the decisions and to speak on behalf of any MP with a good record in trouble with his local party.

But can he deliver? The record of the leadership so far in fighting the impressive persistence of the Left is not a promising one.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Written answer from a databank

THOSE WHO live in the south-east of England may soon get a letter in response to their inquiry that has been assembled from component parts held in computer.

The letters, described as "personalised," will be one of the outcomes of a customer inquiry, letter writing and accountancy control system that Seeboard will put into action during February for dealings with its 1.7m customers. In all, some 275 Harris 8170 interactive display terminals will be involved, most of which will be located at the Board's 14 district offices.

Harris sees the installation — one of the biggest orders its information systems international division has received — as a part preview of its plans for integrated office processing.

The system will enable Seeboard inquiry clerks to answer customers' questions over the phone, up-date central computer files (on an IBM 3032) and instigate the printing of job sheets, management reports and customer letters—all from the same terminal.

So far, Seeboard has compiled a library of 150 standard texts that can be called up from the database to compile the appropriate letter. The clerk then keys in the customer's account number and any variable data together with any customer reference number.

Then, the letter is automatically queued to one of the Harris daisywheel printers which, at 45 characters per second types out a letter which, so far as the customer is concerned, will appear to have been dictated and typed specifically for him.

In keeping with the Board's objective of utilising the equipment to reduce paperwork, no copy of the letter is made. However, a brief record indicating the data and contents of the letter is added to the customer's file in the central computer.

Preserving timber's natural beauty

NOT USUALLY recognised as playing the bridesmaid's role, ICI unblushingly arrives a little late in the entourage of preservative woodstains and varnishes.

These woodcare and timber enhancement products have had fairly buoyant sales for some years now, but ICI says it has entered the field belatedly with the intention of scooping the market with a superior product range.

ICI says that existing woodstains, when new give good protection against water absorption, but most are susceptible to relatively rapid failure, and once the surface protection has eroded there is no barrier to prevent the ingress of rain and moisture from causing irreparable damage to the timber substrate.

The company's research has shown that the most effective protection of timber by a wood preservative will be achieved by an initial application which penetrates into the wood, giving a long lasting chemical protection against moisture and mould growth, combined with subsequent coatings which form a thin, surface film. This not only withstands moisture, but also gives effective protection against degradation caused by ultra violet rays from the sun.

The answer, concluded ICI, was a three-coat system, to be known in the UK as Dulux Woodcare. Under this banner is a range of preservative woodstains and varnishes which have already been tried and tested for some years in the German woodstains market, and have had successful sales in Switzerland, Austria, Belgium, France, Italy and Israel.

Natural finishes include pine, cedar, walnut, ebony, teak, rosewood and a particularly attractive fir green.

For interior use is Dulux Polyurethane varnish which promises to toughen and enrich doors, structural woodwork, balustrades, built-in furniture, storage or filing units. This is available in matt, satin or gloss finish.

DEBORAH PICKERING

Texas gets committed to uncommitted logic

BY ALAN CANE

A TECHNIQUE for producing complex microelectronic circuits quickly and cheaply, pioneered commercially eight years ago by Ferranti, is at last finding respectability.

The best indication of its new popularity is the number of major U.S. semiconductor companies announcing plans for the production of gate arrays—or uncommitted logic arrays, as Ferranti describes the technology. The list includes Signetics, Motorola and pioneering semiconductor house Fairchild.

Only last month Mr. Wilfrid Corrigan, formerly chief executive of Fairchild, said he was forming a new company to market gate arrays.

And yesterday, Texas Instruments, the largest manufacturer of semiconductors in the world (excluding IBM), announced the first of a family of gate array products and computer-based design methods to simplify the design and production of custom chips.

Gate arrays are now seen as an important answer to the problem of designing increasingly complex microelectronic circuits. As the number of individual elements that can be crammed on a silicon chip one-quarter of an inch square has risen with improvements in technology, so has the difficulty of designing the circuitry—and ensuring that it works.

Experts at TI suggest that to design by hand a chip of medium complexity—say between 500 and 1000 logic elements in density—could take up to a year and cost up to US$250,000—and then it might not work first time.

By comparison, they claim that to customise the same chip using their computerised design techniques on a gate array could take as little as 14 weeks and cost US$40,000.

The secret lies in the fact that semiconductor chips are built up layer by layer. All the logic elements (called "gates" because of the way they pass or obstruct electronic signals) can be fabricated in the lower layers leaving only a last layer or two of metal to make the vital connections between the gates.

It is that pattern of connections which determines what the chip will do, so the customer simply specifies the final layer on an otherwise standard chip.

Ferranti already produces some 16 different types of uncommitted array chips ready for customising and according to Mr. Bryan Down, marketing manager for Ferranti Electronics, the company has produced a new custom chip each week for the past 18 months.

After eight years' experience, Ferranti is able to customise a chip of medium complexity—say 500 gates—in 14 weeks for £3,000.

Texas has introduced two logic array chips, the TAT008 with 1008 gates and the TAT004 with 54.

They are fabricated in a medium fast logic technology called Schottky transistor logic and are the first of a family of chips which will encompass logic density to 4,000 gates and beyond, and all the current logic technologies.

But it is the design capability that Texas is chiefly bringing to the marketplace. According to TI customers—and that includes computer and peripheral manufacturers, telecommunications manufacturers and other equipment makers looking for a way to shrink their existing electronic circuitry into a single package—simply supply their circuit designs or circuit specifications and the computer will do the rest.

Furthermore, the computer can simulate the entire circuit to test if everything is in the right place before a gramme of silicon is processed. According to Mr. Rod Attwooll, TI semiconductor marketing manager for North Europe: "As the number of gates on a chip rises to 2,000, the chances of getting it right first time using manual methods is very slim."

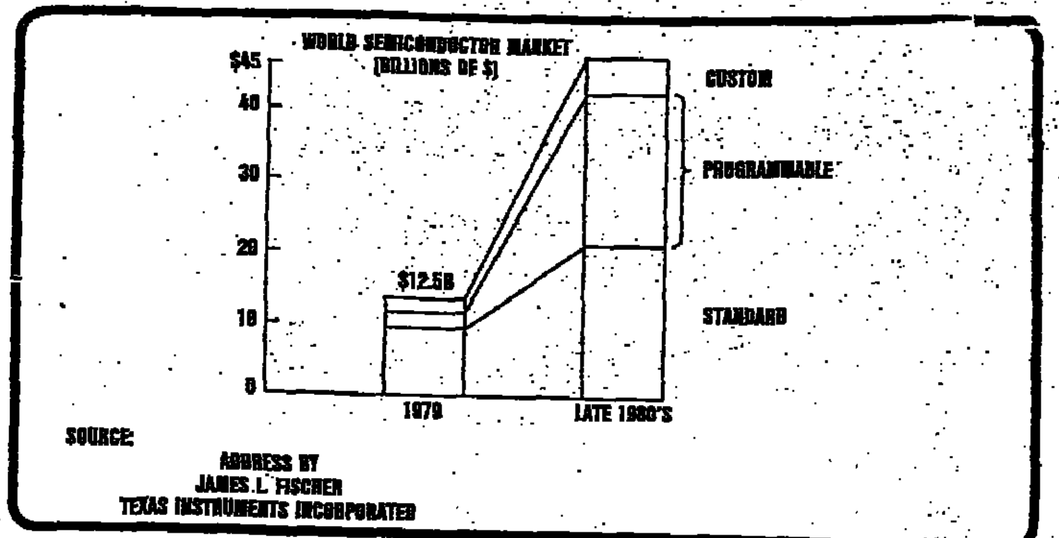
The design package is aided by what TI calls a macro library, a collection of computer instructions which define particular electronic circuits—registers or adders, for example, which can be fed into the computer.

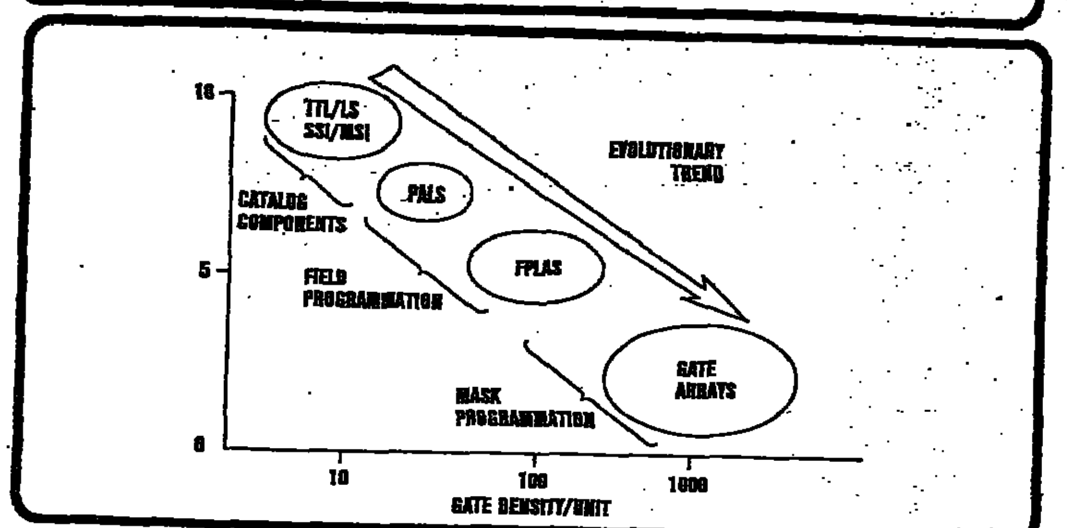
TI is offering its new service, proved in several years of in-house testing, in Dallas, Texas, and Bedford, UK. Ferranti, which reckons to be number one in gate arrays in Europe and in the U.S. through its Interdesign subsidiary, is not entirely convinced of the need for total automation of the process: "Customers need people to steer them through the process," according to Mr. Down.

But everyone is agreed on the market for gate arrays, currently doubling annually.

They should take the lion's share of the semiconductor market by the late 1980s with annual sales topping U.S.$20bn.

TI Bedford is on 0234 67466; Ferranti Electronics on 061 6240515.





Growth in the market for programmable (uncommitted logic) chips, top; the trend from medium scale integrated logic through programmable arrays and field programmable arrays to gate arrays, bottom. The left hand axis represents cost.

● The price of the Input reports mentioned on this page on February 10 was £1,500 each, not £200 as stated.

NEWS IN BRIEF

METALWORKING

AT A SEMINAR organised by The Machine Tool Industry Research Association (to be held at Macclesfield on April 8) the subjects to be discussed include the technical merits and limitations of various approaches to automatic workhandling, a review of the economic factors involved, the relevance of standardisation and safety requirements, and the impact of such a change on the organisation and operation of a machine shop.

A principle object of the seminar is to clarify the user's interests, says MTIRA (0625 25421).

QUALITY CONTROL

BAR BRIGHT-USAM of Brownhills is using a completely automatic system to detect cracks in bright drawn round and hexagonal steel bar.

This uses the Forster Defectomat "C" eddy current instrument and encircling coils. Bars are loaded on to a table and automatically fed through the test head. Defective and good material is separated into two pockets directly after the test head and the defective material is paint marked to identify the defects.

The system is supplied by Wells-Krautkramer, Blackhorse Road, Letchworth, Herts. (046-26 78151).

MATERIALS

THE GLASSFIBRE Reinforced Cement Association (GRCA) recently held a symposium at which Norwegian member, Mr. Odd Hovland of A. S. Platon, announced that (subject to certain conditions) the Norwegian Bridge Committee accepted that GRC permanent formwork is superior to concrete used as protective cover for reinforcing steel.

With its high cement content and low permeability, GRC provides a dense skin to concrete structures, the skin becoming totally homogeneous with the in situ concrete.

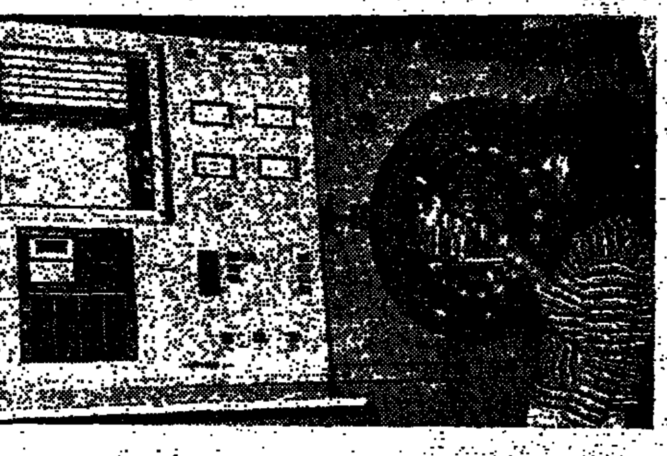
In addition to the long term protection which GRC permanent formwork gives to in situ concrete, says the committee, there can be a reduction in the weight of the structures, particularly in bridge decks, because GRC can be moulded into a wide variety of shapes giving designers the most economic use of concrete.

PROCESSING

A VACUUM furnace designed for horizontal loading is the latest addition to the range of furnaces for vacuum brazing and heat treatment manufactured by Wentgate Engineers (1976), St. Ives, Huntingdon PE17 (0480 63984). It is available with high, medium or low vacuums and in a range of hot-zone sizes from 200 mm by 250 mm to 914 mm by 1,219 mm.

Operation is fully automatic, with a fast cooling facility using a positive gas-quenching system of 1.5 bar and a water-jacketed stainless steel chamber. The maximum temperature is 1,250 deg. C, but special furnaces operating at up to 2,200 deg. C can be made to order.

Horizontal loading is claimed to facilitate the processing of long and awkwardly shaped components. They can be laid on shelves, eliminating the need for the "cakestand" jigs normally used when processing such components in vertical-loading furnaces. Gas flowing along the shelves ensures that the processing is smooth and even, Wentgate claims.



THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

With its origins in the leather industry, Wilson of Merseyside is harnessing the microprocessor to help its diversification drive. Ian Hamilton Fazey reports

Hide and seek: a corporate way of life

NINETY-NINE years ago the British Leather Trades Review carried this claim for Edward Wilson's latest machine: "It is never bigoted, drunk, tired or lazy, and besides the great saving of labour, it possesses *many other great advantages.* An unskilled labourer or boy will do the work of from eight to ten strikers. It makes very little *noise, and with only* a slight alteration of tools will scour, flesh, and unhair."

Scouring, fleshing and unhairing *were not part of the* labour relations policy of the day but processes which hides have to undergo before tanning.

Wilson had set up on his own in 1875 to invent and make machinery for the leather industry. He was 29 years old and already had a patent bark-shredding mill to his name.

Last year, Wilson's three great-grandsons, none of them over 35, put their latest machine *on the market.* It is a highly sophisticated device that enables tanners to solve one of their industry's basic problems — how to optimise yields from wet and hairy hides that are bought by weight, but are sold as finished leather by area. What the 20th century Wilsons claim to have done is to have added numeracy to what until now has been an art and a craft.

Their design, one of the first *fruits of the government's campaign* to get manufacturers to use microprocessor technology in their products, is the latest in a succession of labour-saving or process-speeding developments that have kept Edward Wilson and Son in business for over a century.

The company, based in Bootle, Merseyside, makes machines and equipment for the leather industry. Over the past 25 years it has secured a sizeable share of the worldwide market in large, spiral knives, known in the trade as "blading." These are fixed to cylinders which then rotate like giant lawnmowers to flesh, scour and unhair hides, and cut carpet piles.

The history of invention, investment, innovation and diver*sification that has characterised* the Wilson saga — see accompanying article — has given Raymond, Graham and Michael Wilson, *the present* joint managing directors, an unusually sound management legacy with which to expand in this era of technological change and low economic growth.

Security

Up to now the company's size and growth have always been constrained by the size of the leather industry itself. Growth in the 1970s was both planned and steady, from a turnover of £386,000 at the beginning of the decade to a current £1.5m. This level was *reached two years* ago before the recession, during which the company has coped by using natural wastage to reduce staff from 140 to 100.

The blading part of the business now accounts for half of sales, with the export orientation of the company obvious from the fact that 85 per cent of these go abroad, to no less than 65 countries. Indeed, Wilson now claims to be the *only* company in the world capable of producing such giant "lawnmowers"; security is understandably tight around their factory.

The Wilsons have taken extraordinary measures in other directions to safeguard their blading business. The blades are made from special steel strip, but in the mid 1970s contraction of steel-making saw suppliers reduce their sources to one, with all the implications of that for future security, quality and price. The Wilsons reacted by buying their own reconditioned strip mill and installing it in their blading plant. They reckon this "roll your own" policy has saved them a great deal of money and enabled them to improve product quality.

Most of the other £750,000 of turnover comes from sales of bespoke machinery, mainly for the leather industry world-wide, with two-thirds going to export. However, prospects for major growth in *traditional,* mechanically based fields are not great for anyone and the Wilsons do not want merely to tick over for the next 30 years of their working lives, which—at best—is where a "no change" corporate strategy would lead.

"We were looking for ways out of this conundrum," says Raymond Wilson. "About six years ago we started supplying a *measuring* machine for wet tanned skins. Its electronics were hard-wired and as time went by we were no longer altogether happy with it. We couldn't see the system being developed, other than by using microprocessors. That was how we started in the field.

"Our aims now are *simple.* First we want to improve our position in the leather industry by making a new standard product. Second, we want to use that new product as a base for expansion further into new electronics technology. And thirdly, we want to use our experience of the new technology to diversify into other industries."

The new product is called the Photoscan Sorter 3 and was developed with the aid of a Department of Industry grant and an electronics specialist the Wilsons had recruited. They refuse to reveal how much the development cost, except to say that it was more than they thought it would be, and much more than the original estimate on which the 25 per cent grant was based. "Revealing the figure might give would-be competitors a bench-mark cost," Graham Wilson says. "They can take their own risks."

The new machine measures the area of raw hides, using special photoelectric techniques, and their thickness, using transducers. A microprocessor chip then gets cracking on the data and the analysed information is stored in bubble memories, one of the first commercial applica*tions of the devices. If you are* trying to sort and grade thousands of wet, hairy hides, the machine saves time and trouble and enables the tanner to get optimum profit from each batch.

The first machine went to a tanner in Hull, and is said to have paid for itself in a matter of months. At about £40,000 a time, sales have followed to companies in the U.S. and Germany.

Eluded

With what they see as a new standard product on their hands, the Wilsons are now pushing into other microprocessor applications. They see the technology opening up areas of control over manufacturing processes that have eluded managements for years. They also see systems developing which can be sold as packaged management tools in many other industries. This will represent a major shift in the company's emphasis, from mechanical engineering alone towards electronic controls as a second "leg."

In a rapidly developing field, where obsolescence is not unknown after a matter of months, the need for speed and being first in is vital. Graham Wilson says: "We saw it as imperative to develop and market the new machine quickly. That way we've goth the market to ourselves. Our view is that despite R and D costs you have to move quickly."

The Wilsons, of course, have a family tradition of R and D behind them. They have financed it "the way the company always has," Raymond Wilson says. "From profits and reserves. We've always been *brought up to believe that you* should not take out too much for yourself but plough resources back to safeguard the future."

They merely acknowledge the question of whether they might go public to finance expansion, if a need for rapidity stretches their resources and borrowing capability. One gets the impression that the question may well be asked often and increasingly *as they become more* successful. And, of course, they are bound to attract would-be purchasers.

The Wilsons' story is a microcosm of a larger world outside. Survival in the past rested not on letting the winds of change blow them this way and that, but using the winds to make their own way in the world. To paraphrase Ronald Reagan's inaugural speech writer, "fate is what befalls you if you don't do something about it." Unlike many managements, often in far larger companies, the Wilsons have known that for years.

Left, one of the Wilson family's first inventions: the Patent Pinning or Striking machine which scoured, fleshed and unhaired hides; and right, their latest machine, the Photoscan Sorter 3, which analyses the possible yield from wet hides.

When diversification is the mother of invention

MANAGEMENT ACTION has been decisive at every critical stage of the 99-year life of Edward Wilson and Son. Those actions have enabled the company to survive fire, wars, regional decline, removal, depression, competition, market collapse and even the loss of the British empire.

The company is in Bootle, Merseyside, in the heart of a region where survival itself now concentrates many a managerial mind.

Things were very different **in 1906, when Edward Wilson's son, Evan, fought his father to open a branch of the company in rented premises in Bootle. Why do it, ran the argument against? Wasn't business good enough in Exeter, where the company started?**

The reason Evan Wilson, patentee of the world's first circular slide rule, disagreed was that much of the leather industry was then concentrated around Liverpool, then the second city of the British Empire and major importing centre for hides. Process chemicals for tanning were made at Widnes and there were 40 tanneries on the banks of the Mersey, 25 of them in Warrington alone. His was the right decision; tanning declined in the south-west within a few years and the Exeter factory was closed down as family, management and key workers all moved north.

The company's next great *opportunity came in 1918, after a fire. Wilson had the* sense not to take the easy route and reconstruct the old buildings. Instead, he adopted what would now be called a "green fields" policy and sank everything into a re-equipped, purpose-designed factory that would enable the company to operate more efficiently. It is still there. The area around is now heavily built up but then Wilson's nearest neighbours were the workhouse to the south, Walton Gaol to the east, and Bootle cemetery to the north. As he took his new risk he remarked that the location left him with all his options open.

The new efficiency proved critical in the two decades that followed. In the ever-difficult world economic climate, competitor after competitor went under. Again, Wilson seized his opportunities, buying up four competitors between 1924 and 1936—two in Leeds, one in Warrington and one, which must have given some satisfaction, in Exeter. The acquisitions were important; they gave the company a foothold in the shoe "uppers" *market; previously its customers* had been almost exclusively among manufacturers of sole leather.

Depression

Meanwhile, Evan Wilson carried on inventing. His one-man R & D effort led to patents and machines that were to prove the backbone of the business. By 1930 his sons, Kenneth and Lawrence, were in the company and *learning to manage it in the* economic gloom of the great depression. By 1940 both were away at the war; Lawrence escaped from the beach at Dunkirk.

Within a year, however, the Ministry of Supply had drafted Kenneth back into the business. The factory had been flattened in the Liverpool blitz of 1941 and he had to get production going again to re-equip the bombed tanneries of London, Bristol, and Merseyside. Armies cannot march without boots and boots needed sole leather.

Meanwhile Evan Wilson carried on inventing. When he died in 1955 he had just developed the means to flex and tan thick hides in 24 hours, which compared somewhat favourably with the 12 months it had once taken with traditional methods.

The machinery was never needed: the leather shoe sole industry virtually collapsed as it lost its markets to the revolutionary new synthetics.

It would have been a killing blow to a firm with 80 per cent of its output in the dying market, but the Wilson brothers, then in early middle age, had already begun diversifying. They had acquired a company making spiral cutting knives, to do the very scouring, fleshing and unhairing of hides that *Edward Wilson had been designing for* in the 1870s.

Another field of diversification was materials handling, and not just *for the* leather industry. As for the leather industry itself — or what remained of it—the "uppers" *producers and the makers of* other leather still needed machinery and servicing.

While the technological *revolution of synthetics was* destroying the Wilsons' home markets, that destruction was being furthered by what was happening politically and economically in the world at large. Third World and other countries started doing their own tanning. Hides no longer poured into Liverpool by the ship load, just one of the old cargoes whose loss was to help wreck the once-great port and reduce much of its hinterland to present dearth and misery.

The market for the Wilsons' machinery was still there, but nearly all of it was now abroad as the old exporters kept their hides to themselves and built factories to make finished leather goods, mop*ping up their pools of cheap* labour while doing so.

The combined effects of the synthetics revolution and the change in world trading patterns is dramatically illustrated by the effect on Merseyside. Between 1945 and 1955 the seeds of destruction were sown that were to wipe out the Liverpool area as one of the world's major leather centres. The number of tan*neries fell from nearly 50 to* just six.

For the Wilsons it was a case of export or die. They built up their spiral knives division and the tool became the company's main line as they chased sales into overseas markets. They succeeded handsomely but the toll was grim. As Graham Wilson, oe of Kenneth's sons and now joint managing director, puts it: "*Why do you think they* both died suddenly at 63?" In personal terms, it had been export and die. For their company it had been export and live.

Today, the fourth generation of Wilsons has been in sole charge for the last four years. Graham, his brother Raymond, and their cousin, Lawrence's son Michael, are all joint managing directors. *Theirs* was the decision to leap into microelectronics.

Business courses

Managing People for Maximum Performance; Amsterdam. March 3-4. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

Employee Relations Strategies, *London. March 3-4.* Fee: £165 (plus VAT) members, £195 (plus VAT) non-members of the IOD. Details from the Institute of Directors, 116 Pall Mall, London *SW1Y 5ED.*

Management Accounting for Managers, Bradford. March 1-6. Fee: £310. Details from Course Secretary, Finance and Accounting Programmes, University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire BD9 4JU.

LOMBARD

Why the SPD is restive

BY JONATHAN CARR IN BONN

UNTIL RECENTLY one would have been inclined to see Chancellor Helmut Schmidt as his own worst enemy. Not any more. This dismal role has passed to members of his Social Democrat Party (SPD), apparently sick of the responsibilities of government and bent on self-banishment to the Opposition benches, carrying Herr Schmidt with them.

Those who watch the SPD lemmings trotting purposefully towards the cliff are bound to ask themselves why this is happening. At least a few party members seem to have a personal antipathy for the Chancellor—and it is true that Herr Schmidt is not a comfortable figure. He does not suffer fools gladly—and sometimes seems to believe that fools are in the vast majority. His career provides evidence that he has both the will and ability to compromise—but his manners often suggest he is absolutely immovable.

Problems

All that gives only a partial reason for the present problems. To come closer to the heart of the matter, let us take a recent speech by Herr Schmidt in the Bundestag, to which SPD Parliamentarians responded with an overwhelming lack of enthusiasm.

In the speech Herr Schmidt presented an analysis of world economic, financial, strategic and military problems whose total effect was much more disturbing than the sum of its parts. Indeed the real value of the address lay not in any new and dramatic policy announcement, but in the way it revealed the interconnection between problems often seen in isolation. To take one example—which in this case, by definition, is hard to do. Herr Schmidt examined the issue of possible West German arms exports to Saudi Arabia—which many SPD members have already indicated they oppose. He treated it from the standpoints of military-political strategy (the Gulf region after Afghanistan), energy (the Saudis provide more than one quarter of West Germany's crude oil), wider business implications (the possible linkage between arms and other deals), historical (West Germany's relatively small role to date in international arms sales)—and, not least but not exclusively either, moral (notably German-Israeli relations still coloured by the Nazi era).

In this particular case Herr Schmidt was saying—let us discuss this arms deal, and perhaps say no to it. But let us be under no illusions about the implications for our future economic health and for the oil-dependent western world. In a broader sense the Chancellor was using the speech to try to drive home a highly uncomfortable message to all his countrymen. In essence it was—the days of major increases in economic growth and real income are over (perhaps temporarily, perhaps not, depending on how we respond to new challenges). Let us maintain the will for co-operation with the Communist East—but never before did West Germany have greater need of NATO alliance membership to guarantee survival. Let us control what we can—but remember that there is much affecting our vital interests which we alone can do little about (e.g., Iran, Poland).

Sense of duty

Frankly, it is doubtful whether any other world leader could have done this job better. But that does not mean Herr Schmidt can swing his party solidly behind him. After all, the modern SPD had its greatest hours in the early 1970s—pushing ahead with a programme of social reform at home and with the "Ostpolitik," which brought benefits for both Eastern and Western Europe. In those days the SPD often seemed to be engaged in a moral crusade—marching to a new world on the safe financial base of an unending trade surplus. Times have changed, and it is not surprising if many SPD members now seem sour and disappointed.

The immediate question is not whether Herr Schmidt is about to resign but whether his party will support him on policies he feels are essential to "avert harm" to the Federal Republic of Germany — in accordance with his oath of office. If not, then the consequences are clear. Even his worst enemies do not accuse Herr Schmidt of an underdeveloped sense of duty.

Playing the evergreen game

GARDENS TODAY

BY ROBIN LANE FOX

EVERYTHING is about to start growing, but I cannot help noticing the plants which have leaves among those which do not.

These evergreens attract attention every winter, and not only from those who want something to write about. They give a garden its shape and backbone and set the framework by which you judge the picture, even out of season.

If the bare bones boil down to miniature cypress and feathery genista, the flesh is not likely to be subtle. An eye for the evergreen architecture goes with a feeling for flowers, scent and well-matched colour. No doubt I lack both, but recently I felt I had come up with a good plan at a moment's notice.

The setting was familiar, the friendly lunch, the apparent interest in long-dead history, the dexterous turn of the talk towards garden planting and the cutting "I wonder what you would do if you were left with a bed like that one over there, a weekend or two to devote to it and a part-time gardener who is long overdue for an old age pension."

The site is usually the same. A few good border plants which grow up through creeping buttercups, a mat of ground-elder and a hole where last year's silver artemisia died in the winter's wet. A wall runs behind and the bed tends to bulge into a semi-circle, marking one edge of the garden to a depth of about eight feet and a length of 15 yards. Once it was a herbaceous border. Then, it went sick and has slowly turned comprehensive, housing some very unwelcome visitors.

I have the usual answers, grey senecio, layers of coteneaster, and a hard spell of weed killing and a bed of unpruned rugosa roses.

None of these plans is adventurous and some are prettier than others. Last week, I hit on a better one whose backbone, I feel, might help you out.

If you want to be free from cutting down your flower beds, you have to give evergreens their heads. At least half the border should be evergreen, say the designers, and although that proportion reduces the flowers, it does at least save you work.

Try to think of contrasting shapes if you start to play the evergreen game. There are some famous contrasts, the big-fingered leaves of the tall fatsia behind the sprawling shape of rosemary, the pointed leaves of Causecan hellebores in front of the mounds of the white-flowered Choisya. When mature, these contrasts are as handsome as many flower beds.

Put the spikes beside mounds, the umbrella-leaves beside the cushions and green carpets. One plant leads easily to another.

So, indeed, it seemed to me last week. The soil was chalk and clay, the border eight feet deep as usual and I had made the error of drinking port for lunch. Botanical details flowed off the tongue like old phone numbers and I do not think the results were half bad.

I began with my proven favourite, the shrub for busy gardeners who want a loose evergreen mound to spill forwards informally and flourish on their chalk soils. Nothing beats the evergreen bupleurum, a civilised yellow-green cow-parsley which flowers in August but falls neatly forward throughout the year. It reaches about 4 ft and has a slightly soapy leaf in olive green which has to be contrasted with something bolder.

If you start with a good clump on or near the borders' corners, you will have framed the view with a suitable foreground and lost yourselves the cue for a contrast as the next step.

Behind it, I would choose the splendid fatsia, a shrub which has suffered by standing in drab London gardens. The dust and fumes gather on the leaves which resemble a large evergreen fig. The plant grows anywhere, in shade, rubble or cat-runs.

It grows well, however, when you give it a generous home and it is admirable for the back row behind a lower shrub. It knows how to draw itself up without becoming bare or thin. The flowers resemble the green-grey heads on ivy and appear in November. I have learnt to like them. Be sure to give the fatsia a rich and well-manured soil so that it can excel itself.

Next to it — and I am not joking — I would put a privet. I refer to the lush dark evergreen form sold as ligustrum japonicum in reliable nurseries. Its pointed leaves shine when well fed and gives the plant the respected glory of some easy camellia.

This privet grows naturally into a neat shape and is quite a different customer when you do not clip it as a hedge. There are flowers, white and sickly, and the books talk of berries. I value it for the light and healthy cleanness of its leaf and outline. The family does not deserve its bad suburban reputation.

But back near the front the bupleurum wants a contrast and is asking for a pointed spike. Spikes, at their best, mean yuccas, so I would group three of these superb flowering shrubs together and enjoy their large fan of pointed needles, each in the same shade of green as the bupleurum next door. In fact, I would sink down to the low carpet of a glossy evergreen called waldsteinia which spreads freely and has another shiny leaf, a pair to the privet behind. It is three inches high, so you need a big group.

At this point, I would break the evergreen rule. I relax my prejudice against purple leaves for the lovely smoky grey leaves of the rose called rubrifolia. This is another professional back-room plant, curving neatly forwards on stems which rise above any solid shrub in the middle row. The flowers are a pleasant single pink, but the leaves are unusually harmonious.

I would match them with the grey-leaved willow called salix lanata whose rounded growth is such a fine foil for the yucca. Some bright hardy geraniums like Buxton's Blue would enliven the front, while a good stretch of the hardy Headbourne Agapanthus could occupy the centre of the bed, perhaps with the help of those trouble-free day lilies in a hybrid shade of lemon yellow.

They are among my favourite perennials and run neatly together in height, shape and season. A touch of white on the leaves of little Euonymus Silver Queen would lighten up the front. This old form is the neatest and least coarse of a family of variable evergreens.

There remains the centre back row where I would like to see obliging osmanthus, the sweet-scented evergreen with white tubular flowers in May. Its dark olive green leaf sets off the blue and white agapanthus and the flowers would fill in the earlier months. It will grow almost anywhere and is not at all slow.

I like to repeat the same planting for the further half of an ordinary border. If you are planning to have evergreen leaves without trouble, the eye responds to two halves of similar shape broken up by one central patch of conventional flowers. The same shrubs are easily looked after.

To multiply the plants is to confuse the picture. Keep the pattern simple and obvious around a central core of contrasts. I hope you will find yourself saving hours of labour and adding details, too, from sudden thoughts which would also suit this style.

Hurdles will test Chinrullah

RACING

BY DOMINIC WIGAN

WE MAY know a bit more about Chinrullah's Cheltenham Gold Cup prospects by 2.45 this afternoon. By then that remarkable Irish nine-year-old will have been put through his paces in the Fernbank Hurdle at Ascot.

Although many will consider trainer Mick O'Toole's choice of this three mile event over the minor obstacles a strange preliminary for the steeplechasing crown, the Fernbank Hurdle, could be an inspired decision.

Equally difficult to beat over the hurdles as he is over fences (his respective ratings for the two categories in Timeform's Chasers and Hurdlers 1979-80, were identical) Chinrullah has, as last season, been highly consistent recently.

Although it may be asking a lot of him to take advantage of a 10 lb and 7 lb concession from, arguably, Britain's top specialist three-mile hurdlers, Derring Rose and Richdee, I believe he will win.

Whatever their fate with Derring Rose, whose enthusiasm was called into question after his head defeat, by Richdee at Haydock three weeks' ago, trainer Fred Winter and jockey John Francome, should pick up at least one good prize. The partnership is associated with Fifty Dollars More in the Datchet Novices Hurdle, Prayukta in the Sapling Novices Chase and Easter Eel in the Reynoldstown Chase.

Easter Eel, an assured favourite following his neck victory over the more experienced Dramatist at level weights at Kempton, is bidding for a hat-trick having previously disposed of Sointulla Boy in the Worthington E Novices Chase at Cheltenham. He may win yet again, gaining his seventh victory in nine outings since the start of the 1977-78 season.

But I intend opposing him with the possibly under-rated Irish raider, Stand. Trainer Jim Dreaper's Raise You Ten gelding is another bidding for a hat-trick and one who likes yielding ground. Furthermore, he is three years the junior of Easter Eel and almost certainly making greater improvement at this stage than Winter's charge.

Prayukta let his supporters down through a jumping error last time out. I shall be surprised if he does not make up for that lapse in the Sapling Novices Chase

ASCOT

1.30—Fifty Dollars More
2.00—Prayukta***
2.30—Chinrullah*
3.00—Harwell Abbey
3.35—Stand**
4.10—Singing Amah

TV/Radio

† Indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 1.25 You and Me. 11.40 For Schools, Colleges. 12.42 Regional News for England (except London). 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.01 For Schools, Colleges. 2.00 Sneak For Yourself. 3.25 Delia Smith's Cookery Course. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 Break in the Sun. 5.35 The Perishers.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Triangle.
7.15 The Wednesday Film: "The Hunters," starring Robert Mitchum.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 News.
9.35 Sportsnight.
10.25 Open Secret.
10.55 Parkinson.
11.55-12.00 News Headlines.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales—10.30-10.50 am I Ysgolion. 11.02-11.22 I Ysgolion: Ffenestri. 1.45-2.01 pm Mister Men. 2.18-2.38 I Ysgolion. 5.05-5.35 Grange Hill. 5.55-6.20 Wales Today. 6.50 Tom and Jerry. 7.05 Heddiw. 7.35 Antur I'r Andes. 8.05 Triangle. 8.30-9.00 Seconds Out. 11.55 News Headlines, News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 9.00-9.10 Party Political Broadcast by the Labour Party in Scotland. 11.55 News Headlines, News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North-West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School.
1.45 pm Racing from Ascot.
†5.30 Charlie Chaplin in "A Woman."
5.55 16 Up.
6.20 The Master Game.
6.50 Grapevine.
7.20 Mid-evening News.
7.30 Travellers in Time.
8.00 The Magic of Dance.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 M*A*S*H.
9.35 Sons and Lovers.
10.30 God and the Scientist.
10.55 Newsnight.

BBC 2 Scotland only—9.00-9.10 pm A Party Political Broadcast on behalf of the Labour Party in Scotland (also broadcast on BBC 1 in Scotland).

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 Fantasy Island. 3.45 Movie Memories. 4.15 Dr. Snuggles. 4.20 Runaround. 4.45 Brendon Chase. 5.15 Mr. and Mrs.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 The Benny Hill Show.
9.00 Party Political Broadcast by the Labour Party.
9.10 L. S. Lowry—a Private View.
10.10 News.
10.40 "Doctors' Wives," starring Dyan Cannon, Richard Crenna and Gene Hackman.
12.35 am Close: "Sit Up and Listen" with Jeremy Lloyd.

All IBA Regions as London except at the following times:—

ANGLIA

9.15 am Jobline (guide to job availability in East Anglia). 1.20 pm Anglia News. 3.45 The Entertainers. 5.15 Mr. and Mrs. 6.00 About Anglia. 10.40 Wednesday Film: "Project X," starring Christopher George. 12.25 am The Big Question.

ATV

1.20 pm ATV News. 2.45 Star Parade. 5.15 In Loving Memory. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 10.40 ATV News. 10.45 The Midweek Film: "The Best Pair Of Legs In The Business," starring Reg Varney and Diana Coupland.

BORDER

1.20 pm Border News. 2.45 The Love Boat. 5.15 University Challenge. 6.00 Lookaround Wednesday. 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 Young Ramsey. 5.15 University Challenge. 6.00 Channel Report. 9.00 A Chance to Meet . . . David Essex. 10.38 Channel Late News. 10.46 The Midweek Film: "The Chastity Belt." 12.25 am Epilogue, followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 5.15 Batman. 6.00 North Tonight. 10.40 Fiddlers Rally. 11.25 Musical Special. 12.15 am North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Family. 5.15 Welcome Back, Kotter. 6.00 Granada Reports. 6.25 This Is Your Right. 10.40 The Wednesday Film: Burt Reynolds in "Deliverance."

HTV

1.20 pm HTV News. 2.00 Houseparty. 2.25 "Ebony, Ivory and Jade." 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 10.38 HTV News. 10.45 "Yellow Dog," starring Robert Hardy and Carolyn Seymour.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.20 Sir Lancelot. 4.45-5.15 Straeon Y Byd. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.45 Mae'r Galyn Oddi Mewn. 11.15 World in Action. 11.45-12.40 am Have Girls Will Travel.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 Certain Women. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toye's Talk Back. 6.30 Report. 10.40 Fiddlers' Rally. 11.25 Late Call. 11.30 Mannix.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 3.20 Survival. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South-East Area only). 10.45 "The Fourth Sex," starring Chad Everett.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 1.20 pm North-East News. 1.25 Where the Jobs Are. 2.45 Danger UXB. 5.15 Mr. and Mrs. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 10.40 North-East News. 10.42 Quincy. 11.40 Camera. 12.10 am Way of the Cross.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.30 The Stanley Baxter Picture Show. 11.40 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 Young Ramsey. 5.15 University Challenge. 6.00 Westward Diary. 10.42 Westward Late News. 10.46 The Midweek Film: "The Chastity Belt," starring Tony Curtis and Monica Vitti. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 Lifeline. 5.15 Diff'rent Strokes. 6.00 Calendar (Emley Moor and Belmont editions).

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Dave Lee Travis. 4.32 Steve Wright. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 5.55 Party Political Broadcast on behalf of the Labour Party. 6.03 John Dunn (S). 8.02 Listen to the Band (S). 8.45 Alan Dell with Dance Band Days (S). 9.15 Semprini Serenade with the BBC Radio Orchestra (S). 9.55 Sports Desk. 10.02 Tony's starring Victor Spinetti. 10.30 Tom O'Connor says Be My Guest. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Wolf. 10.00 Music for Organ (S). 10.45 Glasgow University Choral Society (S). 11.20 French Piano Music (S). 12.00 Janacek and Sibelius concert (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 BBC Northern Symphony Orchestra (S). 4.00 Wordsworth: The Prelude (abridged reading). 4.25 Mozart and the violin. 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Haydn string quartet recital (S). 7.30 Scientifically Speaking. 8.00 BBC Symphony Orchestra, part 1: Gerhard (S). 8.45 Six Continents. 9.05 BBC Symphony Orchestra, part 2: Britten (S). 10.00 A Bach Partita (S). 10.30 A Man of Pleasure. 11.00 News. 11.05-11.15 Dreams (piano music by Smetana) (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek: Morgan Talk introduced by John Morgan. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Frank Muir Goes Into . . . Cruelty (S). 12.55 Weather; programme news. 1.00 The World at One. 1.35 A Party Political Broadcast by the Labour Party. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.50 Through My Window: Lord Melchett reflects on the view from his Norfolk farmhouse. 4.00 Choral Evensong (S). 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Do-It-Yourself. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 There Were Giants in Those Days (Dietrich Bonhoeffer). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Music Show. 2.30 Tony Blackburn. 5.05 News. 5.15 Music on the Move. 6.33 The Name of the Game . . . is Football. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from the House of Commons. 11.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life—Keith Howell. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,492

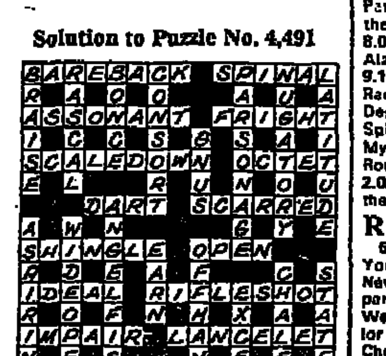
ACROSS

1 One with connections makes a statement (8)
5 Not often are models upset (6)
9 It's about all the Preacher says (2, 6).
10 On the carpet? It's the place for it (6)
11 "The good is oft —— with their bones" (Julius Caesar) (8)
12 Rush to convict the price of air-travel (3-8)
14 The ecclesiastic is not a big shot (5, 5)
18 Politician is after a tax on the race-course (5, 5)
22 Love affairs take the prophet round the city (6)
23 Sometimes ugly but always right (8)
24 It means an extra share for the big-head (6)
25 One from the continent is a bit of a dog (8)
26 Guilty, and presumably broke (6)
27 Like a detective story writer they test metals (8)

DOWN

1 Dried fruit is found in wet weather (6)
2 Facetiousness has something taxing about it (6)
3 Occupation for a number on the river (6)
4 Enjoying liberty like Tom (2, 3, 5)
6 "Growth is the only —— of life" (Newman) (8)
7 The 180th meridian (4-4)
8 Coping with a chap getting on (8)
13 Wine to select is what we let down at the gate (10)
15 Running from battle (8)
16 Socratic form of puzzle (8)
17 The principal performer has to begin with the vessel (4, 4)
19 Levels up skills with the terriers (6)
20 Control of politician in Ireland (6)
21 Eccentrics find position in the Civil Service (6)

Solution to Puzzle No. 4,491



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight, Sat & Tues 7.30: Madam Butterfly. Tomor 7.30: Cinderella. Fri 7.30: [illegible] balcony seats avail from 10 am on day of perf.

COVENT GARDEN. 240 1066. (Gardencharge CC 836 6903). 65 Amphi seats avail for all perfs from 10 am on the day of perf. THE ROYAL OPERA Ton't at 7.30 Un ballo in maschera (Paul Hudson replaces Forbes [illegible]) Mon at 7.00 Lulu. THE ROYAL BALLET Tomor at 7.30 Troy Game, [illegible] in the Country, Les Noces. [illegible] La Fille mal gardée Sat at 2.00 & 7.30 Giselle.

SADLER'S WELLS THEATRE. 01-837 1672/1673/3856. [illegible] 10 am to 6 pm 01-278 0871. Until Feb 21 D'OYLY CARTE present GILBERT & SULLIVAN OPERAS. Evs [illegible] Sats and Today and Feb [illegible] Today HMS Pinafore. Tomor [illegible] The Pirates of Penzance. [illegible] Sat Mat Ruddigore. (Sat eve [illegible] Assoc Membs only). Tkts £2.00 [illegible]

THEATRES

ADELPHI. CC 01-836 7611. Evs. at 7.30. Sat. 4.00, 7.45. Mats. Thurs. at 3.00. TONY BRITTON, PETER BAYLISS and ANNA NEAGLE in MY FAIR LADY. Now booking through to October. For group bookings telephone 01-836 7358 or 01-379 6061.

ALBERY. 01-836 3878. CC [illegible] 6565. Grp. bkgs. 379 6061 or [illegible] Evgs. 8.00. Thurs. Mat. 3.00. [illegible] £2.90. Sat. 5.00 and 8.15. [illegible] Denis Lawson (Most Promising Actor DRAMA AWARD 1980) [illegible] & Hart's PAL JOEY.

ALDWYCH. S. 836 6404. CC. [illegible] (10-6, Sats 10-4). Info [illegible] ROYAL SHAKESPEARE COMPANY. Today 2.00 & 7.30. Tomor 7.30 JUNO AND THE PAYCOCK by Sean O'Casey. Judi Dench, winner of four [illegible] Juno. With Peter Nichols' PASSION PLAY (next perf Fri) and [illegible] Erdman's THE SUICIDE (next perf [illegible] Feb). Prestel booking 22023. [illegible] Sales 379 6061. RSC also at The Warehouse. [illegible]

[illegible]

ART GALLERIES

[illegible]

CLUBS

[illegible]

THE ARTS

Festival Hall/Radio 3

Bruckner

by DAVID MURRAY

Arriving home Sunday evening to discover that the Philharmonia performance of *Bruckner's Ninth Symphony* which I had just heard was about to begin on Radio 3, I surrendered and heard it all again. Once more it sounded magnificent and, in marginal respects, even better. In the hall, for example, I had wished for a little more contrastingly soft playing, and on the radio we seemed to have that; and a few tiny imprecisions—like some spreading of the string pizzicati at the start of the scherzo—were barely perceptible as broadcast. There is no electronic substitute *for live envelopment by Wagner* tubas, of course (and the Philharmonia fielded a superb quartet of them), though the gleaming solidity of all the brass transmitted very well.

The conductor was Bernard Haitink, whose sterling virtues answer directly to what Bruckner needs—not least his negative virtues, no fussing, no theatrical emphasis on details, a readiness to let broad structures make themselves felt without underlining. Held in a view as long as his, the symphony seemed to arrange itself in depth. Its slow drawing together at the start, grand suggestions tentatively proposed before being grasped and flung forward, was beautifully controlled, though Haitink then made his *accelerandi* very steeply curved. The urgent pounding of the scherzo, at once rough and strangely light, was realised exactly. The great Adagio seemed for a while to proceed with a swifter stride than necessary, but Haitink proved in the final portion that without changing course he could bring the music to its *full, majestic glory.*

The exuberant strength of Bruckner's *Te Deum* which began the evening, was of a piece with the performance of the symphony. It was carried by the stalwart Philharmonia Chorus. Philip Langridge led the solo quartet—Sheila Armstrong and Alfreda Hodgson excellently matched Gwynne Howell the secure bass—fervently, with unhesitating warmth. The work blazed.

St. John's, Smith Square

SPNM by PAUL DRIVER

Three serious and rather austere works by young composers were presented on Monday at one of the informal recording sessions the Society for the Promotion of New Music is including in its current, enterprising series of programmes. And "presented" one is inclined to say with a vengeance. It has become the society's policy to invite familiar figures from the contemporary musical world to run an eye over the scores it selects for performance and offer their observations in place of programme notes. The success of such personal advocacy will obviously depend on the personality in question. But it would take a lot of personality to compensate for the not to be belittled convenience of notes. On Monday Simon Emmerson's barely disguised perfunctoriness was first irritating then soporific.

The irritation was compounded by the society's decision to preface each recording take with a talked-through pseudo-rehearsal of the piece. What resulted was neither rehearsal, performance, nor lecture, but a confusion of the three which plunged the audience into the middle of things and left them itchily there.

But the *music* happily withstood these favours. The first two items were remarkably resilient conceptions, neo-Bergian essays in respectively string sextet and quartet texture. John Woolrich's *La Bonne Vaux* wriggled its way neatly through a short series of little inventions, making the occasional sharp thrust before *abruptly wriggling out of hearing.* Mark Anthony Turnage's *For Eternity* was more assured (not, as Emmerson suggested, noticeably more dissonant) and bore witness in its two perhaps over-brief movements to strong natural talent and a real ability to condense ideas. It is subtitled "Reflections of Annie Hall" and apparently derived from a song Diane Keaton sings in Woody Allen's film. Neither the tune (which we heard separately) nor the intended "night club atmosphere" was actually perceptible. The Locrian Quartet (augmented and conducted in the Woolrich) played excellently.

The second half contained an interesting portion of a big work by Richard Bolley—the second part, *Cantata*, of a tetralogy called *Antiphony: Pictures of Villon*. It was performed by the strings, percussion and chamber organ of the *Music/Projects* ensemble, with Nicole *Tibbels, soprano*, and *Stephen* Jackson, baritone, under the *expert baton of* Richard Bernas. The large work attempts no less *than a portrayal of the euphony* and clash between the waning *culture of the Middle Ages* and the ascendent culture of the Renaissance. Here the collision was represented by setting devotional music (beautifully mixed string and chamber organ intimations) for soprano-as-Virgin against expressionistic music (an imaginative array of hollow drumbeats) for baritone-as-Villon. A lot was gained from a little; and one's curiosity about the entire Dufay-permeated tetralogy was definitely aroused.

Pat Starr, Sara Kestelman, Liza Ross and Jana Shelden in the Walls of Jericho

Television

Wounded women and wimps

by CHRIS DUNKLEY

Television drama is steadily being taken over by one theme: from single plays to classic serials, from 19th century BBC2 biography to 20th century ITV soap opera, the subject is *wronged women*. In BBC1's comedy series *Solo* Felicity Kendal plays Gemma who takes a rather sardonic view of her predicament. Sara Kestelman as Sophia Jex-Blake in *The Walls of Jericho*, also on BBC1, blazes with fury. In *Second Chance* on ITV Susannah York mopes and sparkles alternately, whereas Eileen Atkins as the wife and mother in BBC2's *Sons and Lovers* meets each new tribulation with granite fortitude.

The variations continue through comedies such as *Agony* and *Partners*, original series such as *Nanny* and adaptations such as *Sense and Sensibility* and clearly the simultaneous appearance of the theme in so many different formats is no mere chance. It would take a conspiracy theorist to suggest that *The Winter's Tale*, latest in BBC2's complete Shakespeare canon, was a part of the same phenomenon: it is simply a coincidence that the play (in contrast to *King Lear*, for instance) happens to feature two women, Hermione and Paulina, who suffer dreadfully at the hands of men. Yet however fortuitous its appearance, it serves to emphasise the present extraordinary concentration of such material.

Not that it comes as any great surprise to find television drama departments taking up a cause such as feminism. The "sex war" as it used to be called is obviously prime raw material for drama. What is rather remarkable is the disappointingly large number of works in which writers, actors and producers have been content to replace one set of bigoted attitudes with an opposed but very similar set. Increasingly I find that interest in all these series and serials varies in inverse proportion to the readiness with which their creators knock down the Old Orthodoxy merely in order to build up the New Orthodoxy.

No doubt it seemed very tedious to some people that the Old Orthodoxy so often depicted men as strong, protective hunter-providers and women as gentle child-bearing home keepers. But it is hard to see how the New Orthodoxy is superior: according to television's new dogma women are bright, tough and resourceful *and men are a lot of wimps*. (A useful American term to describe men who are weak and limp, wet and impotent.)

Thus, instead of going for a laugh under the old rules by having the woman jump on a chair to avoid mice, Carla Lane in *Solo* requires the drippy and ineffectual Danny to appeal *pathetically to Gemma to search* for spiders before he dares to *take a bath*. *Admittedly the* series has more bizarre features than that, such as its habit of sending the cameras up through the ceiling of the flat when the monologue between Gemma and her goldfish (or frozen peas) palls, to discover two girls, seemingly otherwise unconnected with the plot, exchanging what sounds like surplus dialogue from Carla Lane's *Liver Birds*. However, it is the reverse stereotyping which is typical.

In *Agony*, too, the sexual caricatures which would have been familiar to Shakespeare or Enid Blyton have been switched around: he is *soft and soppy* and given to fainting, and she is thrusting, abrasive and domineering. Furthermore, *Agony*, like so many of these series, subscribes not just tacitly but quite explicitly to that other article of faith under the New Orthodoxy: the belief that there is something deeply virtuous about going out to work and that all women ought therefore to be "allowed" to.

It does not seem to occur to the creators of these series that far from being a break from the old pattern this is just a way of adding to a woman's existing burdens the puritan work ethic which was formerly inflicted primarily on men.

Not all follow the new pattern: in Adele Rose's *Second Chance* Kate Hurst (Susannah York), recently divorced, rapidly creates a pretty and comfortable home for her two children, whereas ex-husband Chris (Ralph Bates) moulders in a dim and squalid flat and has trouble opening the shrink-wrapped bacon. Their teenage son is gruff and gauche, dislikes changing his shirt and blames his father for the divorce, whereas the daughter is not only pretty and practical but a diplomat and peacemaker. The most striking character in the piece is the *superbly dreadful* office wolf Trevor, played with great gusto by *Steven Grives*.

In fact *Second Chance* is in many ways closer to the Old Orthodoxy than the New, not *only in terms of sexual characterisation* but also in its willing*ness to acknowledge the multiplicity* of factors which affect human relationships and the variety of social forces—not just masculine domination but taboos and laws and group distinctions—which are at work bending and often breaking lives.

Such acknowledgement is *much less common* with television's own modern work than *with period material*, whether it be adaptations or simply modern work set in the past. With D. H. Lawrence as the originator, Trevor Griffiths (who wrote *Bill Brand*, *Through The Night* and so on) as adaptor and Jonathan Powell as producer it is no surprise at all to find BBC 2's seven-part serial of *Sons And Lovers* depicting life as depending upon a balance of forces immeasurably more complicated and subtle than the sexual arm-wrestling to which so much contemporary television is reduced.

It does seem odd to have cast Karl Johnson as Paul Morel since, in most lights, he looks older than Eileen Atkins who has been giving a stupendous performance as his mother, Gertrude. Perhaps that will improve as time passes within the plot.

For the most outspokenly honest picture of sexual prejudice you have to go to Luanshya Greer's serial about the first women to qualify as doctors in Britain, *The Walls Of Jericho*. Not only does it depict the mindless male boorishness to which so many women were subjected for so long, it also shows men such as Alexander Russell and Henry Littlejohn in the forefront of the battle against it, and how even a feminist heroine such as Elizabeth Garrett Anderson who herself qualified abroad and believed passionately in the idea of women doctors could nevertheless oppose fellow campaigners on the grounds that they would stir up greater hostility. The scenes between Rosalind Lloyd as Anderson and Sara Kestelman as Jex-Blake *have* been some of the finest in the work so far.

*There is just one isolated re*doubt holding firm against the *onslaught of wronged women:* Thames Television has turned Tuesday evening into spoof spy night with *Bognor* adapted from Tim Heald's books at 8.00 and Philip Mackie's *Cover* at 9.00.

Seen in industrial terms, *Cover* would be a factory where everybody worked in quality control and nobody actually manufactured anything. The RSC's Alan Howard plays Cragoe (a part which stretches his abilities rather less than spear carrying would) who *heads the department for* "testing" spies and simultaneously *testing the testers*. "I've woven such a tangled web that I'm *having difficulty remembering* who I'm deceiving and who I'm being deceived by," *one of his* minions explained unnecessarily last week.

The idea would serve well as a skit in *Not The Nine O'Clock News* aimed at ridiculing *Tinker Tailor Soldier Spy*, but three hour-long episodes have shown already that stretched over a whole series it results in repetition.

Bognor on the other hand (which runs on Tuesdays and Thursdays, starting last night), the first television production from former radio producer Bernard Krichefski, has the advantage of a genuinely funny central character: the inept, not *to say reluctant, sleuth* Simon Bognor. Both he, played by *David Horovitch*, and his *girl* friend Monica (Joanna McCallum) *have been cast to look* like real people rather than the *plastic androids featuring in the* Bond style secret agent series *so that they do really give the* impression of ordinary folk caught up in the familiar world of sinister spymasters and sudden death.

This too seems to spring from the New Orthodoxy of course: *Bognor* looks like another wimp. Yet I suspect the twist here may be that his very timidity and "niceness," in contrast to the ruthlessness of the dedicated professionals, leads to his triumphs.

Zurich Theatre

Romulus the Great

Friedrich Duerrenmatt's *Romulus the Great*, considered to be one of the Swiss dramatist's finest plays, which saw the light of day in 1949, and has since been performed in most of the world's major theatrical centres, has never been staged in London. *More's the pity*. It was left to Wales a few years ago *both to put on the play for* the first time in Britain and to award *to the* playwright the Welsh Arts Council biennial prize for his services to literature (Ionesco had been an earlier recipient).

Elsewhere it has been otherwise. Georges Wilson made a memorable fictitious Roman Emperor in Paris (at the Palais de Chaillot) and many a leading actor in many a land has let the impious witticisms of its creator come trippingly off the tongue in his own language. In his usual way, Duerrenmatt rewrote the play in 1957, when the Zurich Schauspielhaus, first staged it; and a definitive revised version has just been published in a new edition of his Collected Works and brought once more onto the stage of the Schauspielhaus, *this time in a production by* the retiring manager, Gerhard Klingenberg.

The occasion on which I saw it *was* a specially brilliant one. It was performed one afternoon in the presence of a distinguished gathering of guests.

Among the guests was the Swiss President, Kurt Furgler. Misquoting a famous predecessor, he stated that, while some claim that the world changes man, with Duerrenmatt it is the other way about. Whether his observations on the duplicity of world rulers and the corrupting effect of power, as outlined in *Romulus the Great*, have changed the many corners of the globe in which the play has appeared, one may reasonably doubt. For in its Shavian attitudes to history (he calls it an unhistorical historical comedy) it may indeed provoke a form of cleansingly sceptical, if not wholly reproving, laughter. But it hardly goes *further than that*.

In Klingenberg's ironic production, harnessed to the experienced artistry of Zurich's own principal designer Jörg Zimmermann, the Schauspielhaus has fielded a fine acting team. Charles Regnier is the perfect incarnation of a disdainful, worldly-wide Roman Emperor, in this case Romulus Augustus.

In a performance of superb comic subtlety, Wolfgang Reichmann is his opposite number, Odoaker, Leader of the Germani, a self-appointed anti-hero, like his host, who arrives ahead of the German invading armies, anxious to lay down the reins of power "before his warlike followers are converted into a nation of heroes once and for all," and reveals that hen-breeding is his preferred hobby, too.

There is perhaps less of the expected macabre cynicism in their gentlemanly exchanges than is good for the play. Coming so soon after the defeat of European fascism, *Romulus the Great* once had greater bite than it appears to *have* now. The time may have come for Duerrenmatt *to renounce his resolve* to write no more plays and tackle *at least one more dra*matic parable with relevance to *the power struggle of the* 1980s. At 60, he is surely not too old for hat.

OSSIA TRILLING

Rome

Opera and Ballet

by WILLIAM WEAVER

The first new production of the current season at the Teatro dell'Opera is *La fanciulla del West*. The Puccini opera is no stranger to the house: it was done here in 1911—its Italian premiere—with Toscanini, who had conducted the first performance at the Met only seven months earlier. Since then there have been countless revivals, with a series of distinguished artists; and since 1960 *La fanciulla* has been seen (if not always heard) in the vast space of the Terme di Caracalla.

The old production was sound, serviceable, and traditional. But—*in the now established*, deplorable practice of *Italian houses—well-enough* could not be left alone; and so the sculptor Mario Ceroli was commissioned to create new sets and costumes, and the film producer Mauro Bolognini was called in to stage the work. The result is visual chaos.

Minnie's saloon, in Act One, resembles a Louise Nevelson construction, a series of cases *containing odds and ends* (a bunch of twigs, a Ceroli sculp*ture*); *her cabin, an Act Two*, is inside a straw-stack and has no loft (Johnson hides in a kind of broom closet) and thus the crucial effect of the drops of blood falling on the sheriff's hand is lost; the California forest of the finale has no trees, and the only horses are some wooden cut-outs. Confronted with this nonsense, Bolognini evidently threw up his hands. The production is notable only for its aimlessness. *Ceroli's* costumes, it must be said, are *acceptably traditional*: but they are generally inferior to the *conventional, suppliers' product*.

Happily, Daniel Oren—perma*nent conductor* of the orchestra—loves and understands the work and succeeded in conveying his enthusiasm to his players. This score is arguably Puccini's most subtle, most complex, and most fascinating: Oren caught and brought out infinite details, nuances. He also relished the big climaxes and created some stirring explosions of sound. At the same time, he encouraged an excess of volume from his singers; and the tenor, Giuseppe Giacomini, was often guilty of sheer yelling. This is a pity, because Giacomini—though he will probably never be any kind of actor—can sing with some sensitivity, if properly guided. Olivia Stapp, the Minnie, *is more of a* musician: though she, too, *frequently sang at the top of* her lungs, she managed to *remain in character*. For that matter, her Minnie is more *dramatic than lyric*; she stressed la Girl's bold confidence and under-played her lyric self-doubt. Gian Piero Mastromei, beside these two larger-than-life characters, seemed a pallid Jack Rance.

A constant problem with *La fanciulla del West* is the large number of supporting roles. Carelessly cast, they can become a jumble of anonymities; if attention is paid, each of the *comprimari* can become a real character. In Rome there were several first-rate interpreters; Manlio Rocchi, as Nick the bartender, deserves particular praise. But the Trin of Fernando Jacopucci was almost equally well defined. The Rome *Opera chorus (male division)* made an excellent showing. Like *the orchestra, the chorus* is clearly shaping up under the *new direction* of the theatre.

The same, alas, cannot be said for the corps de ballet. In nearly all Italian opera houses, the ballet is a real problem. It is difficult to keep good dancers on the roster when they are given few opportunieies to shine and must do their stint as head gypsy in *La Traviata* or priestess in *Aida*. On the other hand, Italian audiences expect their opera houses to present opera and would be dissatisfied if the calendar were divided on anything like a fifty-fifty basis between opera and ballet. So every season there are perhaps two programmes devoted exclusively to ballet, in which the theatre's dancers can display *their talents (or lack thereof)*. Often the question is resolved *with a Giselle or a Swan Lake*, featuring guest stars.

There were guest stars—Elisabetta Terabust, Peter Schaufuss, and Paolo Bortoluzzi—for the first performances of the Teatro dell'Opera's opening ballet evening. But by the time I got to see the programme, in mid-January, Terabust and Schaufuss had moved on (tak*ing a Balanchine-Chaikovski Pas de deux* with them); and *what was left behind made hard* viewing.

The *opening work*, *Actus III*, music by Azio Corghi, a *respected member of the Italian* avant-garde (born 1937), was inspired by a folk ballad transcribed and published by Pier Paolo Pasolini. As choreographed by Ljuba Dobrievich, it had a sub-Béjart quality (or a sub-Petit, since it was about Death and a Young Man). Some of the younger members of the Rome company—notably Stefano Teresi, as the Young Man—looked good. The now-inevitable piano ballet was *Three Preludes* (Rakhmaninov) choreographed by Ben Stevenson over a decade ago for the Harkness: *a graceful, engaging piece, with* the promising Margherita *Parrilla, horribly partnered by* a leaden Salvatore Capozzi, who *figured prominently*, heavily, also in *Tra Due* by Isabella Glovacka to two Szymanovski string quartets. Paolo Bortoluzzi raised the tone with his solo *Adagio*, choreographed by Erik Walter, to the pop favourite by Albinoni-Giazotto: not a very original piece, but a satisfactory vehicle. Then with his own choreography to some Strauss waltzes, Bortoluzzi lowered the tone again. The dancers did everything but waltz. Not a lilt in sight; only ragged lines, silly, repetitious mime, unfortunate costumes. A year's hard labour as gypsies and priestesses would be a mild punishment.

For the Roman tourist or resident who wants a quiet hour or so, there is a handsome show in Palazzo Braschi devoted to "The English Romantic Poets and Italy," with many documents from the Keats house, but also from the Rome State Archive and other less accessible sources. There is Severn's portrait of Shelley in the Baths of Caracalla, and his unutterably moving death-bed sketch of Keats. There are police reports on the dubious activities of Lord Byron, as well as various first editions *(including some early Italian* translations of the poets). The *reciprocal influence of Italian* poets on the English and English on the Italian is clearly, economically illustrated: a warming, requited admiration and a lesson to modern travellers (how many tourists today have read Montale?).

Cambridge Theatre Company plans

Jonathan Lynn, artistic director of the Cambridge Theatre Company, has announced *plans for* the coming year. Following the *opening this week in Cambridge* of Julie Covington in the title role of Shaw's *Saint Joan* (to be reviewed next Monday), the other spring production will be a revival of Pinero's *Dandy Dick*, directed by the CTC's new associate director, Sheila Hancock.

In April, the CTC, in association with Michael Codron and Toby Rowland, will produce *Smash!* by Jack Rosenthal. Maureen Lipman, Larry Adler and Nigel Hawthorne head the cast of *this new play* about what went wrong with a West *End musical*.

In June, Jonathan Lynn will *direct* Noël Coward's *Tonight at 8.30*, presented in association with Eddie Kulukundis and starring Estelle Kohler and John Standing. In October, Sheila Hancock will direct a major revival of Thomas Otway's *The Soldier's Fortune*.

Also planned are a new play by Eric Idle, *Pass the Butler*, produced in assosciation with Michael White; and a new musical by Monty Norman, who co-wrote *Songbook* for the company.

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Slippery slope for Pakistan

OVER RECENT weeks Pakistan and the Soviet-backed régime of Babrak Karmal in Afghanistan have been edging closer towards negotiations over the possibility of a political settlement in Afghanistan. The central issue in this, as the West now sees it, would have to be the withdrawal of Russian troops from the country they invaded over a year ago. There is no sign that the Russians are contemplating such a move which would bring about a collapse of the Babrak Karmal government or that they would show any flexibility on the point in negotiations. It is because of the known intransigence of the Russians that suspicions have grown abroad that Pakistan could be ready for concessions which might ultimately provide legitimacy or *de facto* recognition for the Babrack Karmal régime

Insurgency

Any such step would create a difficult dilemma for the West. The Russians' miscalculation in Afghanistan was that of an old-fashioned imperialist power which believes that the quickest way of ridding itself of a security problem in a neighbouring state is to extend its frontier to incorporate it. The Russian occupation has not silenced the insurgency. Indeed it is in the West's interest to keep it alive to remind the Russians of the price of expansionism. But an effective flow of aid to the insurgents depend on the co-operation of Pakistan.

Enormous boost

De facto recognition would also be an enormous boost for Russian prestige. It would give them additional status in the Gulf region. It would strengthen their argument for the place they have been seeking—through such proposals as international conferences for demilitarising the Indian Ocean or allocating energy supplies—in future discussions on the Gulf. So far the West's response to such proposals has been that this is not an area in which the Russians had a stake.

The Pakistanis have good reasons for wanting to explore all avenues to a political settlement. The conflict in Afghanistan has brought the intolerable economic and social strains of some 1.5m refugees settling in the country. The longer it continues the greater the risk that the Russians will strike back in reprisal against so-called insurgent bases. The Russians have scarcely begun to explore the possibilities of fomenting trouble for President Zia-ul-Haq's military regime by encouraging secessionist movements in the provinces of Sind or Baluchistan. In their campaign against martial law, many of President Zia's opponents tend, dewy eyed, to look to the Russians as an ally.

Implications

There are limits to the protection that the U.S. and the West can offer Pakistan—partly because of the West's anxiety not to inflame India. And Pakistan itself is reluctant to accept U.S. aid that would put it in the front line of U.S.-Soviet rivalry.

The strong rejection by Mr. Agha Shahi, Pakistan's Foreign Minister, at the non-aligned conference in New Delhi of Afghanistan's reiteration of its official terms for talks shows that he is prepared to bide its time. In any case it has no wish for negotiations on Indian soil that might seem to leave Pakistan within the shadow of an Indo-Soviet alliance.

Mr. Shahi, knows that he has to carry with him in his approaches to Kabul Pakistan's Western and Moslem allies because it is so dependent on them for aid and diplomatic support. Their flag is firmly nailed to the mast of a Soviet withdrawal. But talks have a momentum of their own in which defiance can all too easily slip towards concession. The West has an interest in keeping Pakistan on, track. But it will become increasingly difficult to castigate Pakistan for backsliding until the West has itself faced up to the long-term implications—and the dilemma for Pakistan in particular—of the Russians remaining in Afghanistan. Wishing the Russians would go away is no policy.

How to make oil into a blessing

NORTH SEA oil, which was greeted initially as a wonder-working blessing for the UK economy, has more recently become regarded quite widely as a curse—to the point where Sir Michael Edwardes, the chairman of BL, suggested that it might be better to stop production than to prolong the exchange rate pressure which is causing such disruption in manufacturing industry. This suggestion, if hardly intended seriously, at least gives the lie to the alternative extreme view, that the sufferings of manufacturing are somehow "inevitable" because of oil—a passive attitude which the Government has seemed at times to share.

Middle ground

Yesterday Mr. David Howell, the Energy Secretary, tried to move the debate on to more rational middle ground. He rightly stressed that the possession of our own oil has already given large benefits to the consumer, who has not had to suffer the real income cuts which importing economies have been constrained to impose.

He added significantly that there is no logical reason to assume that oil must displace some other activity. In a well-managed economy, it would simply add modestly to total potential output. He was also right to stress that the changes which are disrupting industry—the decline of heavy, low-skill industries and the belated growth of alternatives—are indeed inevitable, but have nothing to do with oil.

Finally, the technologies associated with the North Sea are themselves potential sources of future growth.

However, it is not enough simply to accentuate the positive, and parts of Mr. Howell's arguments were not nearly so strongly based. Perhaps for this reason, he went on largely to ignore the challenge to economic management which is posed by a sudden structural transformation.

Mr. Howell was right to stress that high energy prices give a necessary signal to industrial and private consumers, but evaded what industry would regard as the most pressing question on prices—the relative cost of inputs here and in competing countries. This gap is too high where energy-intensive industries are concerned.

In an ideal world, no doubt, this gap would be closed by deregulation and suitable tax policies in countries where energy is still unrealistically cheap; but until this happens (and it is happening slowly) pure economic theory in the UK needs a seasoning of pragmatism. It would be absurd to respond to our good fortune as an energy producer by pricing the industries most immediately downstream out of the international market.

On the more general economic questions, Mr. Howell failed to follow his own arguments to their proper conclusion. It is true, as he suggested, that the impact of oil on the balance of payments can be partly offset by capital exports—and indeed by domestic investment, which is import-intensive; and it is also true that adaptation to high oil prices creates a need for additional investment, though this is a charge on resources rather than a stimulus. But these things will only happen if policy is designed to encourage investment rather than consumption.

Tax regime

As we have frequently argued, this would require a very different balance between fiscal and monetary restraint from the one we have actually seen—a policy designed to encourage investment through low interest rates. Mr. Howell can hardly be blamed for the general stance of policy, but his own department could help to transform policy and has not so far done so.

Part of our difficulties, after all, stem from the fact that oil revenues seem to be lagging so far behind the growth of output. Three changes could help to close this gap. First, a serious attempt could be made to win revenue from exploration licensing. Secondly, the tax regime could be altered to bring revenue forward in view of the large rise in the real price of oil since the present system was agreed. Finally, oil revenue could be the base for economic refinancing of part of the national debt in illiquid form. These steps, and more sensitive pricing, would go far to make oil unequivocally welcome.

CUTS IN THE COALFIELDS

The NCB: a victim of its own success

By Martin Dickson

THE SHARP production cuts proposed yesterday by the National Coal Board—which could produce a major confrontation with the miners—may appear at first sight to be the product of advanced schizophrenia.

For the past seven years the NCB has been battling to raise production to help plug the energy gap expected towards the end of the century. Billions of pounds have been invested in the building of new collieries and the revamping of old ones. And Sir Derek Ezra, wearing the mantle of a benign Dr. Jekyll, has spoken repeatedly of the excellent prospects for the industry.

Yesterday Sir Derek, looking more like Mr. Hyde, was telling union leaders that the NCB's production needed to be cut by some 10m tonnes a year—about 8 per cent of current output. More than 20,000 jobs could be lost (though redundancies would be much lower) during the next few years as a substantial number of pits close prematurely.

How can these two conflicting images—of expansion and contraction—be reconciled? The answer is that the coal industry's long-term future remains bright, as oil becomes more and more scarce and costly. But in the short term the recession is dealing the NCB a savage financial blow.

UK energy demand is down sharply and coal stocks have been rising steeply. They now stand at nearly 37m tonnes—the highest they have ever been relative to production.

With no upturn in demand likely until at least the mid-1980s, the NCB believes it has little choice but prematurely to close down its heaviest loss-making pits. Most of these would have closed anyway through the exhaustion of reserves during the next few years, so the NCB argues it is merely speeding up a largely inevitable process.

But that is not going to make the conflict with the miners any less acute. The National Union of Mineworkers is opposed to the closure of any pits where there are still considered to be workable reserves.

There has always been some sympathy for this viewpoint within the NCB—or an unwillingness to tackle the problem of loss-making pits head-on. Critics of the NCB would argue that there are collieries it should have closed down years ago on economic grounds and that the recession provides it with an ideal opportunity to grasp the nettle and rid itself of them. The least profitable 10 per cent of the board's production is estimated to run at a loss of some £190m — more than obliterating the healthy profit made by its more modern pits.

The NCB would have preferred simply to close the loss-makers as they became exhausted rather than tackle the problem head on. But the recession has forced its hand. Sir Derek now argues that only by eliminating the elderly pits will the NCB have sufficient financial strength to maintain its investment programme and thereby safeguard the future expansion of the industry.

The danger is that a major battle with the unions over pit closures could undermine the high morale which has been built up in the industry in recent years.

One of the ironies of the present situation is that the industry has become a victim of its own success in raising output—the result of the investment programme and a productivity deal with the miners four years ago.

The first firm evidence that the investment programme was paying off came when the NCB's deep-mined output rose by 4m tonnes in 1979/80 to reach 109m tonnes—its first year-on-year increase since 1963. The upward trend has continued this year: deep-mined output is expected to be 110.5m tonnes, with opencast output of 15m tonnes—a record—taking the total to more than 125m tonnes.

However, demand for coal has slumped. The NCB reckons its sales will be about 118m tonnes this year—some 6m to 7m tonnes down on last year.

The main problem is the recession, which is cutting demand for energy. Rising imports of coal have been an aggravating factor. More than 7m tonnes were imported last year—largely by the Central Electricity Generating Board and the British Steel Corporation.

British Steel is importing 3m to 4m tonnes a year, because foreign coal is cheaper and, it argues, because the kind of coal it needs is not available in the UK. The CEGB also imports on cost grounds—giving it some price leverage over the NCB—but last year's imports total of 4m tonnes were, ironically, partly due to fears that the NCB was not producing enough.

Imports are likely to become a subject of heated debate over the next few months, with both the NCB and the NUM calling for curbs. This is likely to cut little ice with a Government committed to a market forces philosophy.

What, then, is the Government likely to do to alleviate the NCB's difficulties? The answer seems to be that it will do nothing to stop the production cuts but may try to soften the blow by giving the board greater assistance with redundancy payments. But that seems unlikely to mollify the miners.

At a Press conference yesterday Sir Derek Ezra tried to resolve the dual nature of the NCB's position by saying that the board was attempting to carry out an exercise "probably unique in British industry"—both building for the future and retrenching with the recession. But that exercise is fraught with potential for conflict.

UK ENERGY FORECASTS
(million tonnes of coal equivalent)

	1979/80 (actual)	80/1	81/2	82/3	83/4	84/5	85/6
Coal (all sources)	128	124	123	122	121	121	121
Oil	133	123	118	118	118	118	117
Natural gas	71	71	73	74	76	78	80
Nuclear	14	14	15	17	19	21	23
Hydro	2	2	2	2	2	2	2
Total	348	334	331	333	336	340	343

Source: NCB estimates

The miners see Thatcher's hand behind the closures

By Christian Tyler, Labour Editor

YESTERDAY'S announcement by the National Coal Board of its retrenchment plans is the most serious challenge to the power of the miners for many years. And in the eyes of the leaders of the National Union of Mineworkers the challenge comes not from the Coal Board, but directly from Mrs. Thatcher and her Government.

If the board succeeds in closing pits to the number and at the rate implied—perhaps 50 collieries in two years — without a bust-up, then, the miners argue, the Government will have proved what it already suspects, that workers are not strong enough, or angry enough to resist the effects of its tight-money policy.

But if the miners stand fast, there can be only one of two consequences: either Government gives in, and subsidises the industry through the recession, or there is a confrontation whose outcome no one can yet predict.

The NUM has known for some weeks that there was bad news on the way, and some of the areas have been making preparations in advance. Mr. Arthur Scargill in Yorkshire has conducted a ballot of his 60,000 members, who voted by more than four to one to give the area's leaders a mandate for retaliation, including industrial action if necessary.

Mr. Scargill says that he already has one trigger for carrying out that mandate—the board's decision to shut Orgreave colliery, near Sheffield, and transfer the 575 men to work at a nearby pit.

An appeal by the NUM under the joint review procedure which the board hopes to use for the coming round of closures was rejected on the grounds that the "realistically workable" reserves were exhausted. The Yorkshire area has withdrawn from the consultative procedure as a result.

This point about what is workable and what is not is crucial. The stated policy of the national union is to oppose all closures where reserves of coal remain: and what is workable is a matter of judgment, and money. The Yorkshire ballot gives Mr. Scargill considerable clout.

In South Wales, an area likely to be hard-hit by the new programme, the NUM leaders also claim to have a mandate for retaliation, built up by branch consultation rather than ballot vote. South Wales NUM is still smarting over its failure to secure a "yes" vote in last year's ballot over the impact of steel closures on miners' jobs. It was a serious propaganda reverse, which has left some NUM officials nervous about the tactical battle that lies ahead.

These militant areas are now counting on Durham and Northumberland, traditionally moderate enclaves, to support them. The right-wing Nottinghamshire area has already shown signs of alarm: a resolution passed by the Notts area NUM council last week, calling on the national executive to remember its policy against closure, was opposed by only three members.

Finally, of course, there is the national union policy and the somewhat unpredictable response of the union's moderate leadership. But Mr. Joe Gormley and his moderate allies have successfully argued that the miners should not push the boat out too far on wages for fear of upsetting the Plan for Coal investment programme. Now the Plan for Coal itself is under threat—specifically the pledge that the industry would not be penalised for short - term fluctuations in the market. Mr. Gormley was moved to say yesterday. "I have fought like holy hell for this industry. It's my industry, and nobody is going to destroy it."

There is another reason why Mr. Gormley can ill afford to ignore this challenge. He is due to retire in 18 months' time. Mr. Scargill—who has been warning of pit closures for a long time—is the front-runner for his job at the moment and will put himself at the head of the fight against job losses. The moderate camp, whose contender has not finally been declared, would be in danger of sacrificing the contest if they did not fight with equal vigour.

There are several factors in the Board's favour, however. The last national NUM ballot on a closure, that of Langwith colliery in Derbyshire, was lost—admittedly at a time when pit closures were not a big issue. An area ballot in Nottinghamshire on the fate of Teversal went the same way.

Furthermore, the Board will be armed with redundancy payments and transfer payments much larger than it has bee nable to offer before—a weapon that the British Steel Corporation has discovered can be decisive. Its other hope is that it can keep the closure programme as a matter for discussion at area level; and this, of course, is the very thing that the Left-wing areas, which are likely to bear the brunt of the cuts, will try to prevent. Even if they fail, unofficial industrial action involving Yorkshire, Scotland and South Wales cannot be ruled out.

MEN AND MATTERS

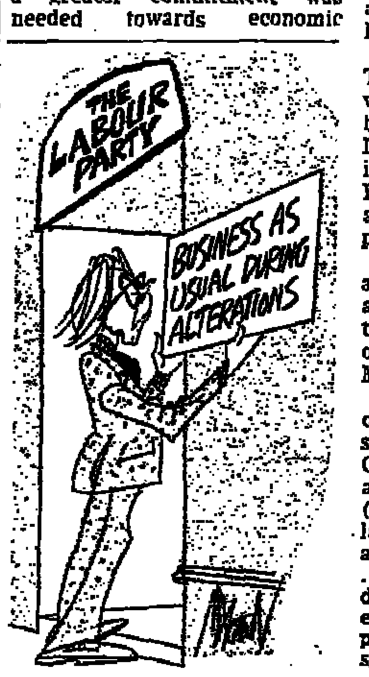
Look bach in anger

The Bank of England has raised Welsh hackles with its decision not to extend full banking status to Sir Julian Hodge's Commercial Bank of Wales. CBW director and University of Wales Professor of Banking and Finance, Glyn Davies, has joined the Welsh nationalist party Plaid Cymru in disgust with the Threadneedle Street decision. An appeal is pending. But unless Sir Geoffrey Howe over-rides the Old Lady, CBW will have to drop "Bank" from its monicker.

Davies, also CBW's economic adviser, says he has long thought a greater measure of self-government was desirable for Wales, the more so with sharply rising unemployment. But as an academic and a civil servant (he was previously economic adviser to the Welsh Office) he felt he should keep his political distance.

"I have been pushed over the brink by this action," he protests. "We founded the Bank in the early 1970s because we felt a greater commitment was needed towards economic development in Wales. We worked closely with the Bank of England, the Treasury and other Government departments to satisfy their requirements and now we have this nonsense decision at a time when the economic need is greater than ever."

Davies is unimpressed by suggestions that the CBW lacks standing. "There are not many banks," he points out, "that can count among past and present directors an ex-Prime Minister (James Callaghan), a Speaker (George Thomas), and an ex-Ambassador to the United States (Lord Harlech)." Additionally, argues Davies, "there are 14,700 commercial banks in the U.S. and 3,400 in West Germany of comparable size with full recognition by their own Governments and central banks."



Report stage

"Everyone keeps writing about what's happened in the Cabinet room or the corridors of power—but not about what's been going on in the boiler-house," says Joe Ashton, the highly-articulate Labour MP for Bassetlaw.

Next week the Coliseum Theatre, Oldham, stages his version of life on the Commons backbenches during the last Labour Government. "A riveting cross between the Marx Brothers' A Night at the Opera and Barbara Castle's diaries," it promises.

"When you've lived through a traumatic experience, it almost writes itself," says Ashton, admitting that it took him only a few days to dash off "A Majority of One."

Set in 1976, the plot centres on the passage of a controversial Bill: "Defeat means the Government will fall and face annihilation at the ensuring (sic) election. The sick, the lame, the dying and the drunk are vital to get the Bill through . . . and the Labour Whips, desperate and ruthless, use every weapon at their disposal . . ." says the theatre synopsis.

Ashton tells me: "It was real-life drama in those days. Helen Hayman had to bring her newly-born baby to the Commons. They strapped an extra fuel tank on a helicopter to get Don Concannon back from Ireland to vote. Someone got locked in a lavatory and the Government nearly fell."

Ashton, who as journalist and broadcaster has done much to enliven Labour's party politicals, says: "Having been hauled over the coals for contempt of Parliament in 1974, I thought the best way to tell the story would be to adapt it as a play."

It was written originally for BBC Television. "But their lawyers tut tutted about it," says Ashton, "even though Mrs. Thatcher only makes a brief appearance."

Some 20 fellow MPs, veterans of those long Commons nights, are going to Oldham for the premiere. "Not quite, Cecil B. de Mille and a cast of thousands," says Ashton. "But real life. . . ."

Maple leave

Funny thing, coincidence. One week our man in Ottawa, Sir John Ford, is in the middle of a cracking row over his alleged interference in Canada's domestic affairs. The next week he resigns. No connection between the two events, says the Foreign Office; "not at all unusual" for people to retire a few months—12, in this case—early.

Ford vigorously denies the claims of two Canadian MPs, which boil down to the charge that he tried to stir up members of the New Democratic Party against Prime Minister Pierre Trudeau's plan to repatriate the Canadian constitution.

The charges are to be investigated by the Canadian External Affairs Department. Ford, meanwhile, professes himself astonished at the rumpus, while packing his bags after almost two years in the job. There has, says the FO, been no request for his removal.

The new High Commissioner, Lord Moran — son of Winston Churchill's celebrated doctor—sounds as though he should prove a suitably uncontroversial replacement. His hobbies are listed in Who's Who as "fishing, fly-tying, bird-watching."

Top of the Hill

The South African climate is evidently conducive to the breeding of hardy young climbers in Hill Samuel. Group chief executive and likely future chairman Christopher Castleman arrived there three years ago at 36, and proved such a class act as local managing director that by last year he was back at Wood Street on the sixth floor.

Castleman's first trip back to South Africa this week yielded a chop at the top. Out went Andrew Fleming, Castleman's successor as MD and former Price Waterhouse Joburg partner. In comes Richard Crick, 34 years old and with two years behind him running the group's South African corporate finance work.

Castleman insist that he was going to South Africa anyway, and did not rush out to cope with a crisis. "It was out of conversations that took place while I was here," he explained between games on the tennis court, "that the need for change emerged." What emerged was that, in a colleague's words, "Fleming simply found that merchant banking did not agree with him—it is a very different world from accountancy." Fleming has, the bank said yesterday, "decided to discontinue his career in merchant banking."

A nip out

Heard in a Bayswater pub: "I just don't know what the world is coming to—taking the dog for a walk in the evening has gone up to 94p a double."

Observer

Michael Cassell explains the reasons for the mounting criticism of the Government's housebuilding policies

Why Britain may face a housing crisis

ARMED WITH confirmation that Britain's housebuilding programme has plunged to its lowest level in post-war years, the Opposition will today launch a full-scale assault in the House of Commons on the Government's housing policies.

Ministers will be charged with relegating housing to the bottom of their list of priorities and, in so doing, laying the foundations for a housing crisis rather than for enough suitable homes to see the country through the last part of the twentieth century.

Each set of statistics being published, like those last week showing 1980 housing starts down to 152,000 from 221,000 in 1979, gnaws away at the cosy conviction that Britain is and will continue to be a well-housed nation.

It is a conviction which has not in any case stood up too well under close scrutiny and one which now looks increasingly impossible to maintain. Against almost any assumption about the country's housing requirements in the next few years, the current and projected level of activity and investment in residential bricks and mortar looks inadequate.

The Government's apparent failure to appreciate the size of the potential problem has been attracting growing criticism, not least from Conservative MPs.

The end result, according to those who accuse the Government of sowing the seeds of the type of crisis in housing which characterised the 1960s, will be a severe shortage of homes, the rapid deterioration of existing housing and ever-lengthening waiting lists for decent accommodation. Britain, they claim, can look forward to becoming the "slum" of Europe.

Last year's disastrous housebuilding performance reflected both the near-collapse of the public sector housebuilding programme and one of the lowest levels of private sector housing output for more than 50 years.

The medium-term outlook does not appear to be significantly better. The 1980 total of council house starts, provisionally estimated by the DoE at 53,600, is expected to fall this year to 40,000 or less and output will by 1982 be running at no more than half the 1979 level and less than one-third of the peak recorded in the 1970s.

Housing has suffered heavily and consistently in recent rounds of public expenditure cuts and—according to the Government's medium-term strategy—reductions in housing programmes are planned to account for around three-quarters of all public spending savings in the next three years. While in 1979-80, the state allocated £5.37bn for all forms of housing expenditure, the figure is planned to fall by nearly 50 per cent by 1983-4.

The attack on public housing expenditure, uneasily carried out under the last Labour government and determindly pursued by existing Ministers, reached its climax last October when, in response to questionable evidence of over-spending, a "temporary" freeze was imposed on all local authority housing expenditure.

The moratorium, originally introduced for one week and described by the Opposition as "a declaration of war on council tenants" remains and looks set to run for the remainder of the year.

In the private housing sector, where the number of new homes started last year reached only 98,400 against 141,000 in 1979, little improvement is in sight. Some modest increase in the number of private homes started is likely this year but even if predictions of 135,000 starts for 1982 prove correct, the programme will still be running almost 100,000 below the 1972 peak.

At the same time, the reductions in public expenditure are threatening to strangle the large-scale improvement programmes which have become an essential element of overall housing policy and which Ministers use to show that new construction is not the only yardstick by which to measure housing progress.

With an estimated 1m homes classed as unfit for human habitation, and a similar number lacking standard amenities there is a real danger that the proportion of sub-standard homes will rise further in the face of spending curbs.

Mr. John Stanley, Minister for Housing and Construction, has recently made much of recent changes in the home improvement grant system which have been designed to stimulate renovation work. But the Minister has also had to admit that the success of the housing improvement programme now rests almost entirely with local authorities, which from April will receive a single allocation for all their capital expenditure and will be free to spend resources as they see fit.

Ministers refuse to take part in any attempt to spell out the likely consequences of a simultaneous collapse of the public and private housebuilding sectors and the delegation of responsibility for improvement work. But while the Government apparently regards such an exercise as a useless guessing game based on outdated or incorrect assumptions, others believe a yawning gap is opening up between housing demand and supply and will continue to widen, given the rising rate of household formation.

Perhaps the most serious accusation of all is that Ministers show little real concern over the longer-term implications of their apparent wish to shift responsibility for most housing into the private sector. The charge is that in their determination to run down public spending on housing they have given scant consideration to the ability of the private sector to respond.

Arguments about the required level of new housing in the UK—and therefore about the likely extent of any shortfall—rest largely on the 1977 Housing Policy Review Green Paper which suggested that the public and private housing sectors would be required to provide a combined total of about 300,000 new homes a year during the present decade.

The all-party Commons Committee on the Environment used the projections contained in the review to illustrate the extent of the current housebuilding collapse and to point out that new housing output is running at half the levels set out four years ago as being necessary.

The Committee warned of an imminent and "very grave" housing shortage in which council house construction was set to return to the levels of the 1920s. It went on to predict that there could be a cumulative shortfall of nearly 500,000 public and private sector homes by the middle of the 1980s.

The Government, notably in the shape of Mr. Michael Heseltine, Secretary for the Environment, continues to argue by hardly arguing at all. The official stance is simply that the Green Paper projections were too speculative to offer serious guidelines while the Government's own assumptions could prove to be false, given the new powers of discretion provided for local authorities.

The Group of Eight, the lobby group embracing the trade and professional bodies within the construction industry, has carried out its own reappraisal of the 1977 review and concluded that the original findings were based on sound demographic and survey evidence about the rapid formation of new households and the remaining core of unfit, substandard and overcrowded accommodation.

The Group rightly recognises that it will not be seen as a wholly impartial participant in the debate about the required level of housebuilding but claims that "universally extreme assumptions about a sustained economic depression" could reduce demand from public housing authorities during the 1980s to around 100,000 units a year. Private demand, it adds, could at worst fall to about 120,000, bringing the absolute minimum new housing requirement to 220,000 a year against 152,000 in 1980.

The private housebuilders believe they could meet the challenge of providing the necessary homes, given long-awaited help in areas like land supply (the release of inner city land held by local authorities being seen as a major potential stimulus to output) and planning controls, where the government can take credit for trying to streamline the development process.

But ultimately the private housebuilding sector will only respond if it can be confident of a profitable market for its products. The Government is being criticised for both stimulating that demand—by raising council rents and selling council homes—while at the same time attacking the main source of mortgage finance (the building societies) which might prevent that demand from becoming effective.

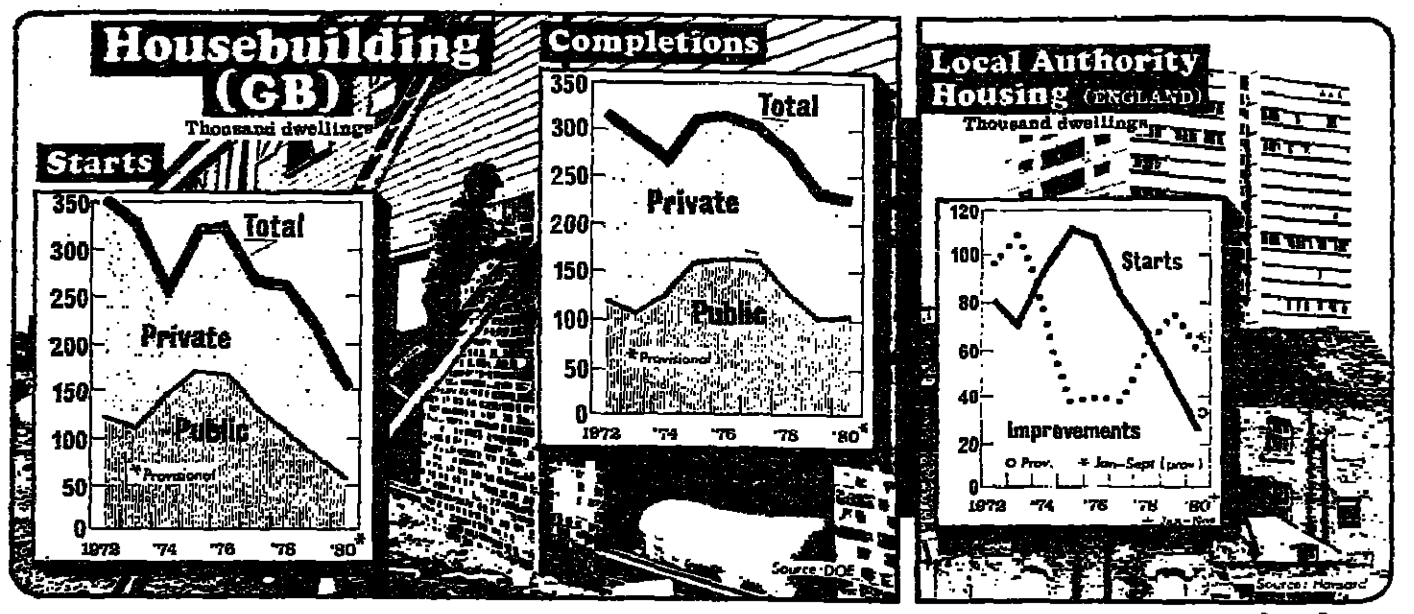
The personal savings sector—the principal source of mortgage finance—is to become a legitimate target for the Government's own money-raising activities.

Mr. Heseltine's defence will be based on evidence that the "privatisation" of housing is in line with the wishes of most of the population and that, in any case, the costs of public sector housing have become prohibitive. With the average construction cost of an English council house now more than £16,000 and average rents—even after near-50 per cent increases in two years—due to rise to around £11 a week, Ministers will claim that the position has become completely unrealistic.

Mr. Heseltine can point to figures which show that the number of private and local authority homes being improved with the aid of grants—more than 60,000 public sector properties alone in the first nine months of 1980—have been running at high levels.

The Minister will also no doubt take the opportunity to portray many of the present housing problems as a legacy from previous Labour governments. He might well remind the House that the last Labour administration cut housing capital by half and accuse the Opposition of introducing rent acts which effectively killed off the private rented sector and lengthened waiting lists still further. Mr Heseltine may also mention that the present Government's attempts to breathe some life into the private rented market, via the introduction of shorthold tenancies, are also being stalled by the Opposition's commitment to repeal them.

Accusations and counter-accusations will fly during today's debate, although concern beyond the House will centre less on apportioning blame and more on efforts to avoid the sort of crisis which many fear is taking shape. Failure could eventually wipe out the advances achieved in the last 20 years and hasten the return of the type of housing problems which were thought to have been largely eradicated.



Brian Radonic

Letters to the Editor

Reform of stock relief

From the Financial Director, London and Leeds Investments

Sir,—Much has been written on the subject of the proposed changes in stock relief contained in the Inland Revenue consultative document of last November and many professional bodies and commercial groups have made representations which are extremely critical of the principles of the scheme and its detailed proposals.

I do feel however that the effects on particular sectors of the business community have not been sufficiently highlighted. The effect, for example, of the proposals on companies in the building contracting and property development industries will be to delay pipeline developments and decrease future developments at a time when the industry is under so much strain. As a consequence, there would also be a further reduction in the level of work available to the industry and allied professional services. The building of industrial premises, offices and shops would be cut back resulting in most developments being left to the institutions—gross funds who do not pay tax in any event!—who would probably not increase their present level of activity.

These situations would arise as the direct result of a worsening taxation situation in this community caused by the Government's proposals. For example, companies increasing their trading activities in a recessionary market are penalised by virtue of a proposed all stocks index which will probably have no relevance to their particular activity or location. Furthermore, companies with subsidiaries trading overseas, and funded largely by overseas borrowings will equally find their stock relief restricted by totally unrelated activities.

Major companies in the industry have made a submission to the Revenue emphasising the harmful effects of the proposals and pointing out that the immediate problem of alleviating the effect of "clawback" facing business in the present recession can best be resolved by modification to the present system rather than traumatic change.

I find it hard to understand the rationale of the Government in introducing proposals which will worsen an already alarming unemployment situation. Unemployment which arises as a result of economic policies is bad enough, but unemployment caused by legislation is surely too much!

A. G. Long.
London and Leeds Investments,
Chancel House,
Neasden Lane, NW10

Clawback deferral

From Mr. E. Albrow.

Sir,—Mr. Bassett-Smith (February 9) expresses concern over clawback in an accounting year ended October 31, 1980. While we cannot know the new rules in full until the 1981 Finance Act is published (ie after July), there may be a way out of his dilemma, provided there was not an earlier reduction in stock in the year ended October 31, 1979. A claim under Section 40, FA 1980 (clawback deferral) would postpone the clawback into an accounting period covered by the promised new legislation, and may escape assessment until such time as business ceases.

Edgar Albrow,
48 High West Street,
Dorchester, Dorset.

Market pricing of energy

From Mr. A. Horsnail.

Sir,—In so far as we are all concerned about the decentralisation of foreign exchange markets accelerated by interest rate differentials (Economic Viewpoint and Lombard, February 5) I suppose the answer is that we must all consider balanced budgets and restricted investment until the United States has mastered its energy price de-regulations.

Any other efforts to expand spending meanwhile, simply aggravates credit restrictions and raises interest rates, following the agreement by Governments at the Organisation for Economic Co-operation and Development summit conference to control inflation by monetary policies as a first priority.

The underlying point of lasting importance is that market pricing of energy is finally producing the energy conservation changes we have all neglected for so long, and world energy demand is falling, rapidly, particularly in Organisation of Petroleum Exporting Countries trade.

Wise old owls in the central banks understand the point. We just have to hope the Treasury pussycats don't push the boat out. Otherwise Edward Lear's rhyming couplet becomes uncomfortably appropriate.

Alan Horsnail.
7, Copthall Close, EC2.

Improving quality

From the Secretary-General, Institute of Quality Assurance

Sir,—The series of articles by Christopher Lorenz dealing with the need for improved product quality has been most interesting and timely, and the F.T. is to be congratulated on devoting Management Page space to a subject so vital to the health of British industry and the nations prosperity.

The comprehensive coverage of the subject in these articles, coupled with the concern now being shown by Government and encouraging signs that an increasing number of industrial organisations are introducing sound quality assurance systems provide a welcome indication of a better understanding of the quality message.

More intense international competition for markets, improvements in the strength of sterling and the growth of consumer interest in product reliability and safety, all combine to act as a spur for improving quality. It is essential that all businessmen and managers react effectively and without further delay to this challenge, for it is certain that quality competition is here to stay. The deep penetration of many markets by the Japanese and the Germans, achieved under strong currency conditions by the application of good quality assurance practice throughout marketing, design, manufacture and after-sales service, emphasises this point.

It is perhaps inevitable that opinions will differ on the type of approach which can offer the best prospects for quality improvement. Should the emphasis be given to quality management systems, quality standards, quality approvals and registration, or to co-operative methods such as quality circles?

This institute believes that all these methods can contribute to success. It would indeed be tragic if the overall effort to improve quality were to be diverted into needless arguments on the relative merits of these different approaches.

A less controversial view on the subject is the understanding that quality does not occur by accident, it takes a great deal of planning, training and implementation. The training aspect cannot be overstated—all levels from managing director to shop-floor personnel require some degree of training in relevant technology and management techniques applicable to quality assurance.

Now is the time to prepare for the trading opportunities which will arise once the recession eases. A modest investment in quality training now can offer good prospects for future profitability, and may even prove to be the means of ensuring business survival.

R. Knowles,
Institute of Quality Assurance,
54, Princes Gate,
Exhibition Road, SW7.

Windfall tax on bank profits

From the Director of Banking Studies, Loughborough University of Technology

Sir,—Robin Monro-Davies (February 5) and others are quite right to query the validity of a windfall tax on bank profits.

Bank profits can be looked at broadly in two ways: relative profitability comparing the banks with other industries; and absolute profitability which assesses whether the bank is able to finance its growth from retained profits. From the standpoint of relative profitability the banks generally compare favourably with manufacturing and distribution companies by showing a better pre-tax and after-tax return on capital employed. It is noticeable however how movements in relative profitability coincide with changes in the tax regime. So although the banks were more profitable from 1970-73, after that time and until 1976-1977 with the advantage of stock relief, the corporate sector had the advantage. The position changed again in 1977-78 in favour of the banks as they were able to apply accounting standard 15 and thus reduce their tax charge. The best that we can say about such comparisons is that the banks are in relative terms at least as profitable as other sectors of the economy.

A much more crucial yardstick however is that of absolute profitability and it is in this area that the banks have problems since it is retained profits which go primarily to finance the growth of bank business. In this context it is therefore important to compare the margins of the banks with other sectors. Again a comparison of pre-tax profits to deposits of banks and pre-tax profits to turnover in manufacturing and distribution companies shows that both sectors generally maintained their margins during the period 1970-79, although the banks suffered in 1974-76 because of a higher level of bad debt experience. The banks however work on much lower margins than the other sectors mentioned and an analysis of growth in bank capital over the period considered shows that retentions provided only about half of the growth in capital and reserves. The remaining capital was financed from loan capital, rights issues, and other sources. So, despite large nominal profit figures and reasonable relative profitability the banks are unable to finance their balance-sheet growth and it is therefore nonsense to contemplate a windfall tax on their profits. Moreover, the present economic crisis only adds to the banks problems and increases risk throughout their balance-sheets.

The next decade both domestically and internationally will put great pressure on the banking sector and there is therefore an increased need for a profitable and stable banking system — it should not be jeopardised to supplement the needs of excessive Government spending.

E. R. Shaw.
University of Technology,
Loughborough, Leicestershire.

Academic freedom

From Mr. D. Bethlehem

Sir,—Michael Dixon (Jobs Column, February 3) and B. A. Young (on your Arts Page, February 7) clearly do not understand the nature of a University: a fault these two excellent journalists share with the all-too-many illiberal academics.

The point about having security of tenure for lecturers (after a reasonable probationary period) is that there is no way of deciding, except in the most extreme instances, when an academic is failing to do his job. Criteria like lists of publications are of little use, since these simply favour the conventional, and it is the unconventional, innovative thinker the ideal University most prizes.

Who shall decide when doctors disagree? If Leibnitz had been in charge of Newton's department at Cambridge, and had had the power and the malice, out Newton would have gone, for babbling about the "occult" force of gravity. Examples of that sort are numerous. My own prejudice is that "structuralists" write incomprehensibly because there is nothing to understand. But my prejudice does not and should not lead me to advocate the sacking of structuralists from Universities, since only time will tell if they have something to offer.

Universities are not technical colleges: they cannot function without full academic freedom, and that includes security of tenure after a long and considered process of appointment. If there is a fault in Universities which needs rectifying, it is in the self-seeking of some academics, particularly in the use of their positions to do a lot of well paid outside work, at the cost of the scholarship which would make their appreciation of academic freedom a little more lively.

Douglas Bethlehem.
Department of Psychology,
University of Leeds,
Leeds, Yorks.

Today's Events

GENERAL

UK: National Union of Seamen *executive council meets to consider pay offer.*

Health Service employers make pay offer to Electrical and Plumbing Trades Union members.

Sir Seewoosagur Ramgoolam, Mauritius Prime Minister, starts *three-day visit to UK,* accompanied by Sir Veerasamy Ringadoo, Finance Minister, and Sir Harold Walter, External Affairs Minister.

Overseas: President Gaston Thorn presents European Commission's 1981 programme to *European Parliament,* Luxembourg.

President Anwar Sadat of Egypt visits Paris.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Opposition motion on the Government's attack on housing and building industry. Motions *on Northern Ireland Consolidation Orders* on Legal Aid Advice and Assistance, and on Weights and Measures.

House of Lords: Debate on Liberal Party's Ten Point Programme for Economic Recovery. Debate on future of Concorde.

Select Committee: Welsh Affairs. Subject: Broadcasting in the Welsh language and the implications for Welsh and non-Welsh speaking viewers and listeners. Witnesses: IBA. Welsh Advisory Committee, BBC. (Room 6, 10.30 am and 4 pm). Employment. Subject: Winter Supplementary Estimates. Witnesses: Dept. of Employment, Manpower Services Commission. (Room 8, 4.30 pm). European Legislation. Subject: Commission reflections on Common Agricultural Policy. Witness: Mr. Peter Walker, *Minister of* Agriculture. (Room 15, 4.30 pm). Social Services. Subject, Medical Education. Witnesses: Federation of Assns. of Clinical Professors. (Room 21, 4.30 pm). Education, Science and the Arts. Subject: The Times Educational Supplements. Witness: Mr Rupert Murdoch. (Room 8, 10 am).

COMPANY MEETINGS

Westland Aircraft, Hyde Park Hotel, Knightsbridge, SW, 12.

COMPANY RESULTS

Final dividends: Anglo American Securities Corporation. Arden and Cobden Hotels. Martin Ford. Moorside Trust.

Interim dividends: William Ransome.

Guinness Peat falls as UK problems take toll

WITH the greatest problems coming from the UK side of Guinness Peat Group's business, pre-tax profits for the six months to October 31, 1980, have fallen from £6.22m to £3.55m. However, no figures for Guinness Mahon, a member of the Accepting House Committee, are included and the directors say these are ahead of the corresponding period. For the year to April 30 last Guinness Mahon contributed a profit of £1.8m.

The directors report that commodity broking and dealing, while not achieving the exceptional levels of last year, have continued to do well. In addition, money broking, both in the U.S. and Europe, has contributed greater profits, even in sterling terms. Nevertheless, as so much of group profit is earned overseas, the rising pound has eaten substantially into group profits in sterling terms.

There have been particular difficulties in some of the industrial and distribution activities serving the UK, some of which have shown losses. Profits from the listed associate, Linfood, are also down.

A geographical breakdown of trading profits—£8.25m (£10m)—shows: UK £1.48m (£5.11m); Western Europe £4.34m (£3.66m); North and Central America £1.53m (£1.31m); Other territories £899,000 (£79,000 loss).

Turnover for the half year totalled £281.32m (£286.7m) and profits before tax were struck after central costs of £619,000 (£476,000) and non-trading interest of £4.08m (£3.31m).

The group is continuing with its policy of realising low yielding assets when opportunity occurs and profits from this source are included in trading profits. The reduction of its holding in Esperanza means that it is no longer treated as an associate. This has reduced trading profits but will improve cash flow.

The net interim dividend is held at 2.75p, costing £1.81m. Last year's total payment was 7p from profits of £15.67m.

Minority interests for the six months are estimated at £746,000.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bougainville	§8	May 7	—	20¶	26.7*¶
Broadstone Inv.	4.9	Apr. 23	4.35	7.1	‡7.35
City Offices ......2nd int.	1.8	Apr. 8	1.7	3.1	3
Crescent Japan	0.95	Apr. 2	2.5	0.95	2.5
Crest Nicholson	2.6	Apr. 16	2.6	4.6	4.09
Plastics Constructs	1.83	—	1.83	2.67	2.67
Syltone ......int.	1.8	Mar. 31	1.8	—	9
Webber Electro	1.75	Apr. 1	—	3.5	—
Crouch Group ......int.	1.08	May 1	1.08	—	4.4
Guinness Peat ......int.	2.75	Mar. 31	2.75	—	7
Ladies Pride Outerwear	2	—	*1.67	3.4	*2.85
D. Macpherson	2.7	Apr. 3	2.7	4.2	4.2

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 1p non-recurring special. § Toea throughout. ¶ Including bonus.

Crouch Group falls and warns of lower outcome for year

DIFFICULT trading conditions in the construction industry and a downturn in the UK housing market are blamed by Crouch Group for a drop in taxable profits from £356,000 to £231,000 in the half year to end-September, 1980. Turnover for the period was £0.5m higher at £8.5m.

Last September the directors predicted a depressed profits performance in the first six months but looked for another successful year overall. However, with conditions in the housebuilding and construction sector slow to improve, they now say results for the year are unlikely to match the £693,000 profit produced in 1980.

The interim dividend is being maintained at 1.075p net in view of the underlying strength of the group's property assets. Last year a total of 4.4p was paid.

Included in the half-year result is a surplus on the sale of an office development at Maiden Lane, New York by the group's Dutch Antilles subsidiary. This profit was adversely affected by the retrospective taxation on off-shore investment in the U.S. introduced during the last stages of the Carter administration. A provision of £199,000 has been made to cover the potential U.S. tax liability.

The directors point out that the unprecedented downturn in profitability from the traditional activities of the group underlines the declared policy to lessen the group's dependence on the cyclical housebuilding and construction industries and expand industrial and commercial property development.

Tax for the half year took £217,000 (£18,000) leaving stated earnings per 25p share much lower at 0.35p (8.45p).

The group's property investments have been revalued at £4.1m, which includes a surplus over book value of £1.15m which will be credited to reserves at year end.

The net asset value of the group as at September 30, 1980, including the revaluation surplus, increased to £7.31m, equal to 182p per share.

The directors point out that in the 1980 annual report, it was stated that the outstanding loan of £282,000 lent to the group's former subsidiary, Crouch (Ireland), would eventually be received in full. Subsequently, they say, while £17,000 has been recovered, the Irish company has failed to adhere to the agreed programme of repayments. Accordingly, proceedings have commenced against both the purchaser of the company and its guarantor.

● comment

Without the profits generated from the $7m sale of a New York office property development, Crouch Group would have been in the red at the interim stage. UK activities have been severely depressed so 35 per cent of six months turnover stemmed from the American transaction alone. Housebuilding has suffered losses and the residential property development barely broke even. Some improvement is likely in the second half with housebuilding recovering slightly and the inclusion of profits on the sale of two UK developments. Attributable earnings will be much better as Crouch has sizeable tax losses to offset against future UK earnings. Yet the possibility of having to write-off as an extraordinary item part of the £282,000 loan to Crouch Ireland, its former subsidiary which is now the subject of legal proceedings, cannot be ruled out. A maintained final dividend of 3.325p, possibly uncovered, is expected. At 154p, down 10 on the figures, the yield is 4 per cent and the discount to stated asset backing is 15 per cent.

Syltone falls £0.5m in first half

DESPITE SALES remaining virtually unchanged at £8.53m, compared with £8.68m, profits of Syltone more than halved in the six months to end-September, 1980, the pre-tax figure falling from £820,000 to £319,000.

Mr. John A. Clegg, the chairman, says that sales and profitability over the period declined in all UK markets, although export sales held up well despite the world trade recession.

He adds that forecasting results for the remainder of the year is difficult but, bearing in mind the remedial measures taken and the restructuring of the group's various businesses, he does not feel that profitability will now worsen on a month to month basis, except as a result of outside events such as a deepening of the depression or national strikes.

The interim dividend is held at 1.8p net and the directors state that providing profitability does not deteriorate further, they will stick to their forecast of last September and maintain the total at 9p which was paid last year from taxable profits of £1.84m.

The surplus for the half year was struck after higher interest charges of £186,000 (£111,000) but was subject to tax of only £80,000, compared with £385,000. Net profits showed a drop of £435,000 to £239,000.

The tax figure was arrived at taking estimated stock appreciation relief into account on the assumption that the Government's latest proposals on this subject are implemented.

Since the end of the half year measures have been taken to improve profitability in the short term while retaining the capacity to react to improved demand in the long term.

These measures, however, include short-time working and, for the first time in the group's history, an overall reduction in numbers employed.

Payments related to termination of employment have cost the group in the region of £40,000 since October 1.

Syltone, based in Bradford, is a holding company with interests in engineering, pipe system supply and wholesale electrical distribution.

Plastic Constructions static

THOUGH Plastic Constructions succeeded in expanding its market share in difficult trading conditions during 1979-80, higher operating costs took their toll. As a result pre-tax profit for the year to the end of September was marginally down at £415,226, against £422,001, on unchanged sales of £10.9m.

Stated earnings per 10p share were lower at 5.51p (6.11p) but the net total dividend is being maintained at 2.6663p by a 1.83p final.

Mr. H. Aron, the chairman, says that there has been a further contraction of industry in the home market since the year end. The company is, therefore, directing extra sales efforts towards export markets and several large export orders have been obtained already.

He adds: "1981 will be a year of challenge, but with our experienced technical background and sound financial basis we can meet the future with confidence."

The group, which designs, fabricates and installs anti-pollution and corrosion equipment for the chemical and engineering industries, has taken several steps to cut production and overhead costs and to improve operating facilities.

The pipelines division has been strengthened and distributive rights have been obtained for Bondstrand, a glass fibre reinforced plastic piping systems used extensively in the U.S. and Europe.

Profit comprised group surplus of £399,865 (£402,445) and a share of associates down from £19,556 to £15,361.

The tax charge was up at £148,706 (£131,176). Attributable surplus emerged down from £442,299 to £288,136 with a sharply-lower extraordinary gain of £27,550 (£153,277) and after an exchange loss provision by an associate of £5,934 (£1,803).

The extraordinary item this time relates to an adjustment in the treatment of deferred tax provision while the previous year's was the profit arising from the sale of the acrylic product line assets.

Dividends absorb £87,555 (£88,224) after waivers of £38,460 (£37,791).

Comparatives have been restated to reflect the change of accounting policies for deferred tax and foreign currency translations.

JFB in the red: interim in doubt

SPECIALISED STEEL and engineering group Johnson and Firth Brown has slipped into the red in the first quarter of the current year.

Mr. J. M. Clay, the chairman, said at yesterday's AGM that since the company's year end on September 30, 1980, "there has been a further deterioration so that for the quarter ended December 31, 1980, a loss was incurred."

The chairman warned that "further redundancies will be necessary in those parts of the business most hard hit." However, if the board believed there was a possibility of a return "to a proper level of profitability" it would put workers on short-time rather than making them redundant.

In addition, Mr. Clay criticised the lack of Government action to alleviate what he described as "the unfair burden of energy prices."

He said that some shareholders felt the company's contribution to the Conservative Party was an unnecessary expense. The board was sympathetic to this view and has decided not to make a contribution to the Tories this year. The donation in the previous year was £7,500.

Mr. Clay threw doubt on the payment of an interim dividend in the light of what was "clearly going to be a difficult year." He said: "We do not have to decide until June and then we will be particularly influenced by the prospects ahead of us rather than past trading. Nevertheless, I cannot, at this time, be optimistic about our decision.

"There are some signs of a return to more normal levels of ordering from Rolls-Royce and some alleviation of the effects of destocking," said Mr. Clay.

For the year ended September 30, 1980, JFB made a pre-tax profit of £5.58m on an historic basis and a pre-tax loss of £3.95m on a CCA basis.

Ladies Pride shows a slight slip

DESPITE falling from £620,456 to £587,640 in the second half, pre-tax profits of Ladies Pride Outerwear rose by £40,000 to £1.17m in the full year to November 30, 1980. Turnover was also ahead at £8.26m compared with £7.98m.

The chairman says that in common with other companies in the clothing industry, the current season has seen a significant downturn in the volume of sales in its dress range. This will inevitably influence profitability for the half-year to May 31, 1981.

Clearly, he says, much depends on the economic environment in the months ahead, but meanwhile, the Board is taking vigorous action to restore sales volume. The company is in a strong liquid position and he is confident of its future.

After tax down from £602,000 to £549,000, stated earnings per 20p share are 6.74p (7.41p adjusted). The total payment is effectively raised from an adjusted 2.83p to 3.4p with a final dividend of 2p (adjusted 1.666p).

Crescent Japan lower: dividend cut

A SHARP fall in net revenue and a reduced dividend are reported by Crescent Japan Investment Trust for 1980. After tax of £69,996, against £266,723, the revenue figure for the year slumped from £246,206 to £64,612.

The directors explain that revenue received was no longer inflated by the surplus in income received, from sterling collateral holdings, over interest paid on overseas borrowings. These borrowings were repaid in 1979.

Yearly earnings per 50p share fell from 3.79p to 0.96p and the net dividend is cut from 2.5p to 0.95p. At December 31, 1980, net assets per share stood at 239.2p (169.6p).

Profit growth for Morgan Grenfell (Asia)

Singapore-based merchant banker Morgan Grenfell (ASIA) has reported a sharp rise in earnings for 1980.

Pre-tax profit rose by 74.4 per cent to $2.35m, while at the net level the increase was 54 per cent to $1.88m.

Morgan attributes the sharp improvement particularly to its lending and money market activities, investments and financial advisory services.

Total assets of the bank rose 26.6 per cent to $153m—loans, advances and other accounts increased 16 per cent to $84.8m.

The parent company, Morgan Grenfell Holdings, has since the year-end subscribed an additional $5m of shares at par. This brings the total capital to $10m and shareholders' funds to $15.3m.

YEARLINGS SLIP

The interest rate for this week's issue of local authority bonds is 13¾ per cent, down ⅛ per cent from last week. The bonds are issued at par and are redeemable on February 17, 1982.

A full list of issues will be published in tomorrow's edition.

SPAIN

February 10	Price %	+ or –
Banco Bilbao	285	+5
Banco Central	329	+5
Banco Exterior	256	+4
Banco Hispano	269	+5
Banco Ind. Cat.	123	
Banco Madrid	141	
Banco Santander	334	+5
Banco Urquijo	176	+5
Banco Vizcaya	308	+5
Banco Zaragoza	230	+4
Dragados	115	
Espanola Zinc	48	
Fecsa	57.7	+0.5
Gal. Preciados	35	+0.5
Hidrola	64.5	−1.2
Iberduero	55	+3
Petroleos	91.5	+0.3
Petroliber	75	
Sogefisa	102	
Telefonica	60.5	−0.5
Union Elect.	64	+0.3

Macpherson halved but dividend maintained

A SECOND HALF slump from £2.81m to £965,000 has left Donald Macpherson Group, paint and surface coatings manufacturer, with taxable profits well down at £2.26m for the year ended October 26, 1980, compared with £4.84m.

Mr. Rex Chester, chairman, says that directors find it impossible to make any meaningful forecast, at this stage, on the outlook for the current year.

They are, however, maintaining the dividend at 4.2p net per 25p share, with an unchanged final payment of 2.7p.

Sales of the company, which is the sole supplier of Cover Plus paints to Woolworth, increased by 7 per cent from £75.86m to £80.84m, and were split as to: UK £65.79m (£63.33m), exports £3.63m (£3.09m), and overseas £11.43m (£9.44m).

All operating divisions suffered from the world recession, Mr. Chester states, and the contribution of the overseas companies was adversely affected to the extent of £299,000 (£54,000) by strong sterling.

While borrowings remained constant, interest charges rose by 37 per cent to £1.05m (£766,000). Even greater emphasis has been placed on the control and management of cash resources during the year, which has contributed significantly to the strength of the balance sheet, says the chairman—gearing is down slightly at 21 per cent (23 per cent).

After tax of £1.77m (£1.19m), extraordinary debits, £315,000 (nil), and minority interests, £13,000 (£10,000), the attributable balance was £165,000 against £3.64m. Dividends absorbed £761,000 (same).

As a result of certain insignificant changes in the group's legal structure, it was unable to take advantage of the recent legislation on stock relief and hence defer a higher proportion of tax liability.

As at October 26, earnings per share are shown to have dropped from 21.4p to 2.7p; shareholders' funds were £24.6m (£24.18m).

● comment

So far as the market was concerned, the important part of yesterday's statement from Donald Macpherson related to the devidend. When the final was maintained, the shares rose 3p to 72p, where the yield is 8.7 per cent. The stock relief drawback has slashed attributable profits earnings per share and the dividend is uncovered. But borrowings were kept to the same level as last year, even after financing acquisitions, and the strength of the balance has supported the dividend decision. Trading profits in all divisions were severely affected by the recession—much more so than those of Blundell Permoglaze, which has less exposure to the household market; Macpherson's pre-interest profits fell by 36 per cent, compared with Blundell's decline of about 16 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims: Christy Bros., Press Tools, Scottish and Mercantile Investment.

Finals: Anglo-American Securities, Arden Cobden and Norfolk Hotels, Martin Ford, International Investment Trust of Jersey, Moorside Trust.

FUTURE DATES

Interims:—	
Dalgety	Feb. 18
Epicure	Feb. 17
Victor Products (Wallsend)	Mar. 16
Finals:—	
Associated Fisheries	Feb. 19
Cosalt	Apr. 15
Gen. Accid't Fire & Life Assur.	Mar. 4
Goode Durrant & Murray	Feb. 19
Lancashire & London Inv. Trust	Feb. 12
Ransomes Sims & Jefferies	Mar. 4

Crest Nicholson 25% ahead and expects 'substantial growth'

AN INCREASE of 25 per cent from £4.33m to £5.42m in pre-tax profits is reported by Crest Nicholson, industrial holding company, for the year to October 31, 1980. Turnover rose by 12 per cent from £43.12m to £48.41m.

The directors expect to achieve significant growth in the current year, subject to there being no further deterioration in the state of the UK economy.

After tax down from £1.68m to £836,000, stated earnings per 10p share have climbed from 15.12p to 23.86p. The final dividend is 2.6p, making the total for the year 4.6p (4.08838p). The dividend is in accordance with the statement set out in the interim announcement and rights issue circular, and represents an increase of 28 per cent for shareholders who took up their entitlement under the rights issue. Dividends absorb £868,000 (£676,000).

There was an extraordinary credit of £1.37m (£94,000), leaving retained profits substantially higher at £5.05m (£2.1m).

The Board says the group, which has interests in housing, yacht building, leisure and engineering, has ample cash resources to progress its long-term plans for further growth and overall borrowings at the year-end were only £275,000.

● comment

Deploying only current assets, Crest Nicholson's flexibility is showing through strongly in its profits and share price performance whatever the recessionary knocks its competitors across a broad spectrum of its activities have been forced to suffer. The shares added 11p yesterday to reach a new 1980-81 high of 131p where the historic yield of 5.2 per cent and the fully taxed p/e of 9.5 look about right without being overly optimistic. The property division appears to have held its relative 50 per cent contribution to group profits which says quite a lot about the resilience of the house-building operations given the marked decline in overall trading conditions throughout the year. Over the short term, Crest aims to expand its currently small share of its principal markets and Sharron should contribute more strongly in the seasonally favourable second half. Looking a little further ahead, a strong balance sheet and the cash positive structure of each division should enable the group to buy further businesses in much the same assembly, distribution and marketing framework without undue threat of dilution. On the horizon is the possibility that management will turn to major fixed asset opportunities—probably in property.

Grand Met warns on tax threat

SIR MAXWELL JOSEPH, the recently knighted chairman of Grand Metropolitan, warns that the effect on sales of a major increase in indirect taxation in the next Budget could begin to damage the group's ability to maintain employment.

The annual report of the hotels, foods, brewing and leisure group shows that during its last financial year, to the end of September, the average number of people it employed full- and part-time was little changed at 106,565, against 108,562.

External sales for the year reached £2.58bn (£2.17bn)—excluding VAT but including duty on beer and spirits—and the group paid a total of £600m in indirect taxes.

"The level of indirect taxes is now a serious burden on the service industries and I hope that the Government will take this into account in deciding in direct taxation policy for the next Budget," Sir Maxwell comments in his statement.

Looking ahead he points out that though the group now has a much broader geographical spread of activities it still depends to a material extent on the health of the UK. During the current period of recession Grant Met is improving its operating efficiency and developing new ideas to be ready to take full advantage of the eventual return to a more prosperous environment.

"I am optimistic that this process will begin in 1981," the chairman adds.

Group taxable profit for the year to the end of September 1980, rose to £152.1m (£136m) including a four month contribution from Liggett. The net dividend is stepped up to 6.625p (5.75p).

On a current cost basis profit is reduced to £108.9m.

In addition to the acquisition of Liggett the group spent £147m on properties and equipment and bought three leading Paris hotels.

During the year a £180,000 interest free ten-year loan was made to a director of a subsidiary company and compensation and ex-gratia payments amounting to £275,000 and pensions of £14,322 (£13,989) were paid to former directors.

The company said yesterday the loan was to enable the director to buy a house in a foreign country in which he is on assignment. No further detail was available on the compensation to former directors. Those who left the board last year included former joint managing director, Mr. E. H. Sharp, Mr. Geoffrey Palau, who retired, and Mr. D. A. J. Taylor.

At year-end borrowings had climbed to £640m (£349m) and shareholders funds stood at £1.24bn (£689m). Cash and short-term deposits totalled £46.3m (£44.8m).

Overall there was a net cash deficit of £308.4m (£57.4m surplus).

Meeting, The Lyceum, WC, March 4 at 11.30 am.

Samuel Webster and Sons, of which Grand Met is the ultimate holding company, reports taxable profit up from £3.3m to £3.65m for the year to September 27, 1980. Sales by this brewer, bottler and wine and spirit merchant, climbed to £46.8m (£34.6m).

Tax took £1.96m (£1.72m) and ordinary dividends absorbed £1.13m (£1.02m) for the retained balance to emerge at £567,591, against £590,730.

Stated earnings per share were 35.2p (35.7p).

See Lex

Stock Exchange decision on BAe options deferred

THE Stock Exchange has decided to defer consideration of British Aerospace shares for its traded options market until some time after the £150m offer for sale this Friday.

The Exchange's Commissions, Dealings and Options Committee decided yesterday that it would be wrong to allow options to be written on BAe shares from the outset because it would not be known if the shares would meet the Exchange's main criteria for this market.

Among the criteria are that there be a reasonable market in the shares, a broad spread of investor interest and a dividend record.

Some brokers active in the options market were disappointed by the decision, having seen the BAe issue as a good opportunity to publicise their fairly quiet market.

Three were suggestions that the brokers to the BAe offer opposed the introduction of BAe traded options but Mr. R. K. Westmacott, of Hoare Govett, the lead broker in the offer, said it was wrong to say that his firm had complained to the Exchange.

"We are asked for comments," he said, but declined to expand on the committee's decision, which he endorsed.

Australian & Intl. to unitise

BY TIM DICKSON

PLANS to unitise Australian and International Trust, the only UK investment trust with a largely Australasian identity, were announced yesterday by the company's managers, J. Henry Schroder Wagg.

Proposals for the reconstruction of the £9m company into a new authorised unit trust specialising in Australian securities will be sent to shareholders shortly. The date for an EGM has not yet been settled.

If approved, the plans mean that Australian and International Trust has come full circle. Made public as a purely Australian vehicle in 1961, the company adopted a more international image in 1971 so that today roughly 45 per cent of its portfolio is invested outside Australia.

According to J. Henry Schroder Wagg, the reason for the unitisation was primarily the discount between the trust's share price and net asset value, 15 per cent before yesterday's announcement but between 13 and 29 per cent over the last 12 months. Yesterday's developments, moreover, comes at a time when Schroder is busy beefing up its unit trust activities through its subsidiary Schroder Unit Trust Managers.

Last week the group launched three new unit funds—specialising in America, gilt and fixed interest and Japan—and yesterday's unitisation plan for Australian and International completes the new quartet. Schroder Wagg says it hopes to persuade the company's institutional shareholders, which account for most of the equity, to "cash in their holdings in an orderly fashion."

Australian and International also announced yesterday that the net asset value per share had increased from 130.6p to 140.8p in the year to January 31. Revenue before taxation in the six months to January 31 was £220,305 (£178,778) and revenue available for ordinary shareholders £120,443 (£102,103).

Because of the unitisation proposals, no interim dividend has been declared but at the EGM a resolution to pay a terminal dividend of all or substantially all distributable income from August 1, 1980 will be put to shareholders.

Up to January 31 this income amounted to about 2p per share net.

Year-end progress at City Offices

AN INCREASE of £95,677 to £1.49m in pre-tax profits is reported by the City Offices Company, for 1980. Gross income of the company activities of which include property investment and development, and investment in stocks and shares, advanced from £1.82m to £1.96m.

The second interim dividend, in lieu of the final, is 1.8p (1.7p) for a 3.1p (3p) net total.

There was an extraordinary credit of £741,885 (£229,133) resulting from net surpluses on disposal of the portfolio of listed investments, the sale of part of the company's holding in Lusaka City Offices, its former subsidiary in Zambia, and the sale of freehold industrial property. The sum has been transferred to capital reserve.

After tax substantially higher at £788,075 compared with £325,697, stated earnings per 25p share are lower at 2.6p (3.97p).

Broadstone Inv down at year end

REVENUE of the Broadstone Investment Trust slipped from £1.09m to £1.04m, for 1980, after tax charged of £597,829 against £591,082.

The dividend total is 7.1p with a final payment of 4.9p—last year's 7.35p distribution included a 1p non-recurring special. Stated earnings per 20p share were 7.35p (7.68p) as at December 31.

At the halfway stage net revenue was ahead from £441,613 to £493,150.

Gross revenue for the year amounted to £1.84m, compared with £1.88m, of which expenses and interest took £202,079 (£194,758).

Net asset value per share is given as 265.4p (194p).

Webber over profit forecast

AGAINST THE forecast of not less than £140,000 Webber Electrocomponents has turned in profits of £162,253 for the year ended September 30, 1980. And the dividend is the promised 3.5p net, the final being 1.75p.

Webber is traded under Rule 163 (2) for unlisted securities. It is the UK's sole manufacturer of automatic solenoid valves.

Turnover for the year came to £704,368. There is no tax charge. But after minorities of £1,243, pre-acquisition profit £59,918, dividends waived £6,319 and goodwill written off £14,309, there is £57,927 retained.

William Jackson unchanged

FOR THE half year to October 25, 1980, William Jackson and Son held pretax profit at £1.06m, against £1.09m. Sales by the baker, confectioner, meat product manufacture and supermarket operators advanced £10m to £66m.

The net surplus came out at £505,065 (£887,436) after tax up from £206,000 to £552,000. The Hull-based group has close company status.

Continental & Industrial ahead so far

After expenses and interest of £278,657 against £396,969, and tax up from £439,265 to £529,075, revenue of the Continental & Industrial Trust emerged ahead at £902,244 for the six months ended November 30, 1980, compared with £883,567.

Comparatives have been restated to exclude non-recurring franked income received as a result of the removal of dividend restraint totalling £684,496.

After half-yearly preference payments of £19,250 (same) the available balance was £882,994 (£864,317) of which the interim dividend—already announced at 3.5p (3p) net—takes £592,900 (£508,200). After-tax revenue for the 1979/80 year amounted to £1.94m.

As at November 30, total net assets, taking investments at market value, were £69.89m (£51.78m), equivalent to 382.5p (264.5p) per share.

During the six months the drawings under the loan facilities were reduced from US$4.4m to $2.0m, which is to be repaid on February 27.

Amax hopeful for 1981 after another peak year

BY GEORGE MILLING-STANLEY

PROFITS of **Amax**, the U.S. diversified natural resources group, for 1980 are again at record levels, despite downturns in each of the last two quarters. Full-year net profits reached $470.4m (£200m) or $7.48 a share, a rise of 29 per cent over 1979.

Mr. Pierre Gousseland, chairman, said that the wide spread of the company's interests had favoured Amax despite the weakened worldwide economy.

He went on to warn that "although Amax does not anticipate another record year in view of the current economic recession, we do expect highly successful results in terms of sales and earnings."

At $2.9bn, Amax's sales were just 3 per cent higher than in the previous year. Higher molybdenum and coal sales, and the inclusion of (sales from) the newly-acquired phosphate business and **Rosario Resources**, were offset by lower copper and nickel sales.

For the fourth quarter, Amax saw net profits decline by 14 per cent to $88.7m. Molybdenum earnings were lower due to reduced shipments, partly offset by higher prices and lower operating costs.

Lower prices and deliveries cut earnings from base metals, and the nickel operations slipped into loss as a result of reduced margins.

Earnings from coal, oil, gas and potash all increased during the quarter.

Homestake Mining, the largest gold producer in the U.S. yesterday reported record profits for 1980, as forecast in this column last month.

Net profits for the year are $101.59m or $5.96 a share, up 65 per cent over 1979. As expected, gold contributed more than half of that for the first time in 10 years.

The average selling price of gold in 1980 was $612 per troy ounce, compared with $307 in 1979, according to Mr. Harry M. Conger, Homestake's president and chief executive.

Gold output from the company's two producing mines, Homestake in South Dakota and the 48 per cent-owned Mount Charlotte in Western Australia, totalled 314,000 ounces last year, a rise of over 5 per cent.

Net profits in the fourth quarter showed a 9 per cent fall to $17.57m or $1.03 a share, and Mr. Conger said that this decline had continued into the first quarter of the current year.

This was mainly attributable to lower earnings from lead and zinc as a result of depressed car sales. Silver's contribution was reduced due to lower prices.

Bougainville feels the pinch

THE **Rio Tinto-Zinc** group's big **Bougainville** copper-gold mine in Papua New Guinea is being squeezed between lower production and rising costs. This, coupled with the adverse effects on export revenue of a rise in the value of PNG currency, has outweighed the benefits of higher metal prices in 1980.

After having reported a virtually unchanged net profit of K38m (£25m) for the first half, Bougainville now announces a 1980 total of K71.5m compared with K83.9m for 1979.

Bougainville is declaring a final dividend of 8 toea (5.25p) together with a bonus of 4 toea to make a total distribution for the year of 20 toea. This compares with the equivalent of 26.7 toea for 1979 after adjusting for the scrip issue and share consolidation.

The falling production mirrors the expected decline in ore grades, in line with the nature of the deposit plus lower metal recoveries from oxidised ore mixed in recently developed areas of the open-pit. Last year's production of concentrates totalled 510.397 tonnes compared with 584.692 tonnes in 1979.

Sales in 1980 totalled 494,422 tonnes of concentrates (586,524 tonnes in 1979) containing: copper 142,240 tonnes (171,997 tonnes in 1979), gold 13,687 kg (19,797 kg) and silver 35,719 kg (45,035 kg). Copper prices averaged 99 cents per lb last year (90 cents in 1979), gold $615 per oz ($305) and silver $21 per oz ($11).

The prices of all three metals are now considerably lower than the 1980 averages and despite the fact that the installation of an additional K37m ball mill at mid-year should raise production capacity by about 10 per cent, Bougainville's 1981 earnings prospects are not very encouraging.

In London yesterday the shares were 84p to show a yield of 16 per cent on the 1980 distribution. This, however, is not particularly generous in view of the current year's uncertain outlook.

Setback at McIntyre mines

THE MAJOR Canadian coal producer *McIntyre Mines* attributes the fall in profits for 1980 to the setback experienced by the 37 per cent-owned **Falconbridge Nickel**.

Net profits for the year were 41 per cent lower at C$21.7m (£7.7m) or C$6.02 a share, on sales of C$115.2m compared with C$62.7m, reports **John Soganich from Toronto**.

The loss on McIntyre's coal operations increased to C$3m from C$2.7m in 1979, despite a near-doubling of sales. The company sold 437,000 tonnes of coal to Japanese customers in excess of its basic contractual commitments last year.

For the final quarter, McIntyre returned a net loss of C$2.72m or 76 cents a share, compared with a profit last time of C$13.43m or C$5.60 a share.

A 39 per cent increase in net profits to C$23m or C$4.60 a share for 1980 is reported by **Canada Tungsten Mining. Amax** of the U.S. owns 40 per cent of the company, Canada's only tungsten producer, and **Dome Mines** has a 10 per cent stake.

Production at the company's Northwest Territories mine rose during the year in spite of a strike.

Full-year profits of **Bethlehem Copper** rose by almost half in 1980 to C$20.1m or C$3.15m a share, after a gain of C$12.5m or C$1.97 a share from the sale of the interest in **Frio Oil**.

The company said that although fourth-quarter copper shipments were almost 50 per cent higher than in the corresponding period of 1979, higher operating costs and lower metal prices reduced mine earnings to close to the break-even point. Prices are not expected to improve until the second-half of this year.

Cominco, the metals and chemicals arm of **Canadian Pacific**, already has control of 65 per cent of Bethlehem Copper, and is assured of another 25.2 per cent with the news that **Newmont Mining** of the U.S. has accepted its C$37.5 per share offer.

Representatives of the largest outside shareholder group have indicated that they favour the offer, and Bethlehem Copper has told shareholders that the price does not seem unreasonable.

Net profits of **Copperfields Mining**, which operates the Placer gold mine in the Klondike, for the first quarter ended on December 31, 1980, fell to C$1m or 22 cents a share from C$1.6m or 36 cents last time.

Dr. Norman B. Keevil, president, told the annual meeting that gold output this year would probably fall below last year's 4,924 ounces. The company plans to invest a further C$1.3m in new equipment for the Placer project.

F & C Eurotrust well behind

After expenses and interest of £100,400 against £71,800 pre-tax revenue of **F. and C. Eurotrust**, investment trust, was well down at £8,400 for the half year ended December 31, 1980, compared with £95,400.

Tax took £6,000 (£41,300) after which earnings are shown as 0.03p (0.72p) per 25p share. Net asset value is given as 63.2p (62.1p).

Dividend paid last year was 1.45p net from taxable revenue of £235,218.

Gross income for the six months amounted to £108,800 (£167,200) and split as to, franked income £20,900 (£29,600) and unfranked income £87,900 (£137,600). The directors say that the unfranked figure is neither comparable to last year's nor indicative of that likely to be received in the full year.

Some oil holdings have been sold, since real energy prices have appeared to be levelling off, the directors state. Political uncertainties have caused the Trust to halve its French portfolio, and in Germany and the Netherlands the combination of higher prices and weak currencies have kept equity markets very depressed, despite relatively low inflation levels.

"While the immediate outlook is bleak, the German mark, in particular may well in 1981 reach its nadir against sterling." Mr. Baer, chairman, says.

The equity markets may not react immediately, but the trust is confident that at these levels investments in both Germany and the Netherlands will prove remunerative, he adds.

The five year multi-currency loan facility of £1m arranged with Williams and Glyn's Bank, on January 24, 1980, was increased to £1.5m on November 28, and is currently drawn as DM 5.02m and SFr 2.27m.

AUDIOTRONIC OMITS PREF.

Audiotronic Holdings, the loss-making eceltronics distributing company, is not to pay the 12 per cent cumulative participating preference dividend due for payment on February 28, 1981.

The group's pre-tax loss in the 26 weeks to September 1 was £145,000 compared to a £13,000 profit on the continued business.

Mr. A. G. Macpherson, who became chairman in October when Mr. Geoffrey Rose left the board, told shareholders at the annual general meeting last December that the "company is receiving every co-operation from its bankers." However, its facilities are still being reviewed monthly.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$50	3	1	2	3	2	4½	"
		April		July		Oct.		
ABN C	F.280	12	12	—	—	—	—	F.285
ABN C	F.300	12	3.40	4	5	—	—	"
AKZO C	F.15	—	—	5	3.50B	—	—	F.17.30
AKZO C	F.17.50	14	1	6	1.50	—	—	"
AKZO C	F.20	45	0.50	—	—	1	1.30	"
AKZO P	F.17.50	3	1	—	—	—	—	"
AMRO C	F.55	7	3.50	—	—	7	5	F.56.60
AMRO C	F.60	63	1.20		—	—	—	"
AMRO C	F.70	6	0.20	—	—	—	—	"
HEIN C	F.50	18	9.30	—	—	—	—	F.59
HEIN C	F.55	5	5	—	—	—	—	"
HEIN C	F.60	15	1.80	4	3.70	—	—	"
HEIN P	F.55	10	1.10	1	2	—	—	"
HEIN P	F.60	—	—	2	4.20	—	—	"
HEIN P	F.65	1	5.80	—	—	—	—	"
HOOG C	F.15	72	3	6	3.50	11	3.90	F.17.70
HOOG C	F.17.50	23	1.20	49	1.80	—	—	"
IBM C	$65	9	3⅜	—	—	—	—	$63 1/16
IBM C	$70	29	1 1/16 B	—	—	5	4½	"
IBM P	$60	—	—	4	1⅞	—	—	"
IBM P	$65	—	—	2	3⅝	—	—	"
KLM C	F.60	8	8.50 B	1	9.50	—	—	F.67.50
KLM C	F.65	13	5.40	—	—	—	—	"
KLM C	F.70	53	2.70	7	4.30	—	—	"
KLM P	F.60	5	1.30	—	—	—	—	"
KLM P	F.65	11	3.20	—	—	—	—	"
KLM P	F.70	1	6 A	—	—	—	—	"
NATN C	F.120	35	7.90	37	9.80	—	—	F.126
NATN C	F.125	17	4.30	60	6.80 A	2	7.80	"
NATN P	F.120	2	0.70	11	1	—	—	"
NATN P	F.125	—	—	2	3	3	6	"
PHIL C	F.15	30	2.90	8	3.10	—	—	F.17.70
PHIL C	F.17.50	41	1	115	1.60	3	2	"
PHIL C	F.20	37	0.30	105	0.60	67	1.10	"
PHIL P	F.17.50	10	0.60	—	—	—	—	"
PHIL P	F.20	—	—	—	—	3	3.10	"
OLIE C	F.200	51	14A	—	—	—	—	F.208
OLIE C	F.220	69	4.50A	71	7.70	—	—	"
OLIE C	F.240	32	0.90	6	3.70	—	—	"
OLIE P	F.190	10	1.50	—	—	—	—	"
OLIE P	F.200	28	4.50	5	10.40	—	—	"
OLIE P	F.220	5	15B	—	—	—	—	"
UNIL C	F.120	10	13	—	—	—	—	F.132.30
UNIL C	F.130	1	5B	—	—	—	—	"
UNIL P	F.125	2	1.10	—	—	—	—	"
EXON C	$70	10	6⅛	—	—	—	—	—
EXON C	$80	10	1¼	10	3	—	—	"
		Feb.		May		Aug.		
BOEI C	$35	—	—	3	4¼	—	—	$36⅞
BOEI C	$40	—	—	15	2⅜	15	3¾	"
BOEI C	$45	—	—	5	⅞	—	—	"
BOEI P	$35	2	⅛	6	1½	1	2¼	"
BOEI P	$45	—	—	1	9⅛	—	—	"
BASF C	DM.130	—	—	5	1.60	—	—	DM 118.80
SLUM C	$100	3	5½	—	—	—	—	$105½
SLUM C	$110	2	¾	1	7	—	—	"
SLUM C	$120	—	—	6	3¾	5	7	"
SLUM C	$130	—	—	2	1½	—	—	"
VEBA C	DM.130	—	—	—	—	5	2.50	DM 123.20
VEBA C	DM.140	—	—	—	—	5	1	"

TOTAL VOLUME IN CONTRACTS 1545

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

(Feb. 10 Total contracts 511)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	390	36	10	56	15	68	—	410p
BP	420	20	1	38	10	54	—	"
BP	460	9	—	19	2	—	—	"
Com. Union	130	28	1	32	—	37	—	153p
Com. Union	140	19	1	23	2	28	—	"
Com. Union	160	8	37	13	2	16	—	"
Cons. Gold	420	46	20	60	2	67	—	435p
Cons. Gold	460	26	—	40	1	47	10	"
Cons. Gold	488	18	7	—	—	—	—	"
Cons. Gold	500	—	—	22	15	30	—	"
Cons. Gold	550	—	—	8	4	13	—	"
Courtaulds	60	3½	—	6½	35	9½	—	65p
GEC	600	50	5	77	5	102	1	651p
GEC	650	19	14	50	—	72	—	"
Grand Met.	160	9½	—	16	1	22	1	162p
Grand Met.	180	4	—	8½	—	11	1	"
Land Sec.	360	48	40	57	—	71	—	398p
Land Sec.	390	25	5	38	—	50	—	"
Land Sec.	420	10	2	23	—	34	—	"
Marks & Sp.	100	28	4	33	—	—	—	124p
Marks & Sp.	120	9½	2	16	—	22	—	"
Marks & Sp.	130	5	5	9½	—	13	4	"
Shell	420	24	1	38	6	50	—	424p
Totals			155		100		17	
		February		May		August		
Barclays B'k	390	15	—	35	20	47	—	401p
Barclays B'k	420	6	—	20	6	32	—	"
Imperial Gp.	70	11	10	11½	10	14	—	80p
Lasmo	650	15	1	69	—	93	—	657p
Lasmo	750	7	—	30	10	50	—	"
Lasmo	800	½	—	18	—	30	10	"
Lonrho	84	20	2	—	—	—	—	"
Lonrho	100	—	—	10½	10	15	—	"
Lonrho	104	2½	21	—	—	—	—	"
Lonrho	110	—	—	5½	10	9	5	"
Lonrho	120	¼	—	2½	5	5½	5	"
P. & O.	120	4¼	29	11½	5	14½	—	120p
P. & O.	130	1	—	7	25	10½	—	"
P. & O.	140	½	10	3½	—	—	—	"
Racal Elec.	300	37	28	52	2	55	—	356p
Racal Elec.	330	10	3	33	—	46	—	"
Racal Elec.	360	1	8	18	1	30	—	"
RTZ	360	—	—	40	—	50	2	383p
RTZ	414	1½	—	18	1	—	—	"
Totals			132		105		22	

Lonrho must be stopped Fraser urges holders

House of Fraser, the department stores group which owns Harrods, has written to shareholders urging them to fight off an "unwelcome and opportunistic bid" from Lonrho, the group's largest shareholder.

But the letter, signed by Professor Roland Smith, the newly appointed £50,000 a year part-time Fraser chairman, and Mr. W. G. Crossan, indicates that Sir Hugh Fraser, director and former chairman, "does not necessarily share the board's views with respect to the Lonrho offer."

Sir Hugh, who was deposed by his fellow directors in a boardroom revolt following a surprise reconciliation with Mr. Tiny Rowland, Lonrho's chief executive, "will make known his views in a separate document when he considers it apropriate."

Immediately after the board meeting on January 28 when Sir Hugh was deposed as chairman, Lonrho mounted a 150p per share cash bid.

In the House of Fraser letter it is said that both before and after the EGM called by Lonrho to oppose a sale and leaseback deal of Fraser's D. H. Evans store, Mr. Rowland had publicly indicated his extreme dissatisfaction with Sir Hugh as chairman.

"Only two days later, on Thursday, January 22, 1981, Sir Hugh Fraser reached a private understanding with Mr. Rowland without the knowledge of any of his board colleagues although, as you will know, he had until this time stood shoulder to shoulder with the rest of us to repel Lonrho's unwarranted interference in the affairs of your company."

The letter adds that the reasons for this sudden change in the positions of both Mr. Rowland and Sir Hugh Fraser "are unclear and have been the subject of wide speculation.

"However, we believe this latest alliance in the on/off Rowland/Fraser saga to be against the interests of our independent shareholders and employees and we deeply regret it.

"It was this final loss of confidence in his ability to appreciate the true interests of shareholders and employees that led 12 Fraser directors to vote against Sir Hugh Fraser remaining chairman. Only the two Lonrho representatives voted against the resolution," the letter states.

"All the executive directors present unanimously decided that the House of Fraser must have firm, reliable and impartial leadership."

A property valuation of the group assets is still being finalised and "has not yet been received by the company from its property advisers.

"Shareholders will only benefit fromthe value of these property assets and the continuing improvement and development of our retailing activities if we fight off this unwelcome and opportunistic bid from Lonrho. Lonrho must be stopped," the letter urges and concludes that shareholders should take no action.

Lonrho said yesterday, in answer to the House of Fraser letter, that there was an "understanding" reached between Sir Hugh and Mr. Rowland that Professor Roland Smith should not become chairman on the board.

"A proposal that he should be executive chairman was put to the Fraser board at their meeting on January 28 and was defeated by 11 votes to 4."

House of Fraser countered, saying this resolution was only in the context of a resolution to appoint Sir Hugh Fraser as non-executive chairman."

A resolution was put to the board in two parts, after Professor Smith had been elected chairman, which proposed that he could be executive chairman with Sir Hugh as non-executive chairman. Both parts of the resolution were defeated.

Lonrho announced yesterday that ordinary shareholders of House of Fraser may elect to receive, in lieu of the cash offer of 150p per share, an allotment of an equivalent nominal amount of 12 per cent unsecured loan stock 1981-84 of Lonrho.

The formal offer documents to be issued on behalf of Lonrho by Standard Chartered Merchant Bank will incorporate this offer.

RIT subsidiary takes 75% of new factoring company

J. ROTHSCHILD, a subsidiary of RIT, the investment trust group headed by Mr. Jacob Rothschild, has formed a factoring company, *Anglo Factoring* Services, based in Brighton.

Mr. Michael Broke, executive director of RIT, said: "The formation of the new company is an important step in the development of RIT's financial service operations."

RIT had been considering an entry into factoring for some time but the catalyst to yesterday's announcement was an approach from two former directors of Midland Bank's factoring subsidiary, Griffin Factors, Mr. Ben Hosh and Mr. Freddy Salinger, then respectively managing director and director of Griffin Factors, had informed RIT they wished to set up their own business.

They have now joined RIT which has formed AFS with an initial share capital of £500,000. In addition, RIT is committed to subscribe for further equity to a value of £1.5m.

J. Rothschild will hold 75 per cent of the company with Mr. Hosh and Mr. Salinger each having 10 per cent. The remaining 5 per cent of Anglo Factoring's equity will be distributed among the management. Twenty people will be employed initially.

AFS is the first non-recourse factoring company to be established in the past 10 years. Non-recourse factoring requires a higher degree of financial backing than recourse factoring as the company bears the risk that it will recover less than it advances to its customers.

Initially, Mr. Broke said, Anglo Factoring would concentrate on domestic business but later hoped to take advantage of Mr. Hosh's international contacts, acquired while chairman of Factors Chain International, to develop cross-border factoring.

This would entail collecting debts overseas for UK companies and collecting money in the UK for overseas companies.

Mr. Broke said that the factoring company was a logical extension of RIT's successful leasing operation. In 1973 RIT acquired Anglo Leasing, then producing profits of £140,000, which last year produced a pre-tax figure of £1.5m.

Management takes over Wilmot Elect.

THE management of **Wilmot Breeden Electronics** has bought control of hte company in a £2m deal backed by Technical Development Capital, Barclays Development Capital, and Barclays Merchant Bank.

The company now trades under the name of Wayne Kerr and Rendar, and its purchase was made through the specially-formed WKR company.

Previously, it was part of Wilmot Breeden (Holdings), bought by Rockwell International of the U.S. in 1979. Last December, an engineering subsidiary of Wilmot Breeden, Trufio, was bought out by its management for nearly £7m.

Wayne Kerr makes a wide range of electronic test equipment, including component measuring bridges and automatic test equipment. The Rendar side of the business manufactures precision passive electronie components.

Deltec has 11% in Culter

DELTEC PANAMERICA, a Latin American investment bank, has increased its stake in Culter Guard Bridge, the loss-making Scottish papermaker, from just under 5 per cent to 10.9 per cent.

In common with a number of small UK paper companies, Culter has been hard hit by the severe recession in the UK paper industry which has resulted in a fifth reduction in national capacity over the last year.

Last November, Culter announced the closure of one of its two mills and shortly afterwards revealed that it had lost £978,000 in the six months to September 30, 1980. It is in the process of cutting its workforce by over a third.

In its last financial year, Culter, which makes a range of specialist papers, had a turnover of £24.8m and had pre-tax profits of £337,000. At the end of March 1980, it had capital employed of £12.2m and shareholders' funds of £7.8m.

RMC BUILDS UP SECURITY DIVISION

Following Monday's announcement of the acquisition of Security Alarms (Northern), *Ready Mixed Concrete* is adding further to its security alarm business with the purchase of **Standfast Burglar Alarm Company** (Sunningdale), based in Berkshire, and **Hoyles Fire and Security**, of St Helens and Preston in Lancashire.

All three companies — representing a total cash investment of around £¼m — will operate in due course under the name of Lander Alarms, a newly formed company which will be used for the further development of RMC's security alarms business in England and Wales.

WILLIAM COTTON ASSETS SOLD

Mr. Richard Archer and Mr. Roger Dickens, partners in chartered accountants, Peat Marwick Mitchell, Birmingham, joint receivers and managers of William E. Cotton and Sons (Brassfounders), have completed the sale of the assets and undertaking of the company. It has been in receivership since November 21, 1980.

The majority of existing jobs will be saved as a result of the sale to Taylormade Castings of Haverhill, Suffolk, a subsidiary of Taylor's Foundry Limited.

The company will continue to manufacture commercial and high integrity alloy castings.

GRANADA GROUP/ VARIETY THEATRES

The directors of Granada Group and Variety Theatres Consolidated have reached agreement on proposals whereby pursuant to a scheme of arrangement Variety Theatres will recome a wholly-owned subsidiary of Granada, subject to the scheme being approved.

Granada and a wholly-owned subsidiary already own all classes of stock of Variety Theatres except for 16,794 ordinary stock units (5.8 per cent). Under the proposals, the minority holders will receive 350p cash for each ordinary stock unit. The total amount payable by Granada will be £58,779.

REDMAN HEENAN

Redman Heenan International has acquired Precision Engineering (Worcester) and its subsidiary, Computer Graphics.

Precision Engineering is a small Worcester company that specialises in the design and manufacture of precision tooling, particularly for the investment casting and ceramic core industries.

BARDSEY/HENSHER

Bardsey's offer for the preference shares of Hensher (Furniture Trades) will close on February 23. Bardsey now owns 104,745 preference shares (0.57 per cent).

Belhaven buys Denes Holiday

Belhaven Brewery, the Scottish independent brewing group run by Mr. Eric Morley, the former Mecca head, is further expanding its leisure interests by the acquisition of Denes Holiday Camp for a total consideration of £1.2m.

Denes—which owns and operates a holiday village on 65 acres of land close to the sea near to Lowestoft in Suffolk—is the second acquisition by Belhaven since Mr. Morley and Sir Fred Pontin joined the board at the beginning of the year.

Last month Belhaven acquired the Golden Sands Holiday Camp for £254,000. The two camps are situated within 15 miles of each other and will be promoted jointly including the sharing of entertainment facilities. Belhaven said that "significant purchasing and operating economies" are expected to result from this move.

The company hopes to announce further acquisitions in the near future. Mr. Morley said yesterday that the company was seeking any outlets in the leisure industry and a number of "interesting propositions" were being looked at.

Mr. Morley also revealed a big expansion move at the brewery. He said that it had recently agreed the purchase of four beer storage tanks. This was connected with the group's hopes of selling large amounts of bottled beer to the U.S. and Canada.

He stated that the company had been prevented from expanding in this country because of tied outlets. The group did not have sufficient outlets to make the transport costs worth it.

Mr. Morley said that an initial £3,000 consignment of bottled beer to the U.S. was an "immediate success" and more orders followed. Mr. Morley said that the attractions of the U.S. were that Belhaven could compete on equal terms with other beers and could command a premium price.

The company said that the audited accounts of Denes at January 31, 1980, show net assets of £130,000 and profits, before tax, for the year ended on that date of £99,545. Belhaven considers that the value of the assets of Denes is considerably understated.

Profits for 1980-81 are estimated to be slightly over £100,000 and Belhaven expects that profits under its management will be significantly increased.

Starwest offer must be realistic–Hawthorn

THE BATTLE for **Hawthorn Leslie** continued yesterday as **Starwest Investment Holdings** failed to gain control after the first closing date of its 130p cash offer, which it is extending for two weeks until February 23.

Holders of 3.14 per cent of the ordinary shares have accepted the bid which together with shares acquired before and during the offer takes Starwest's total holding up to 44.66 per cent of the Hawthorn equity. The Starwest preference offer received 13.56 per cent acceptance.

In a letter to shareholders yesterday Hawthorn again strongly recommends shareholders to reject the Starwest offers. The company said that in the light of the level of acceptances "Starwest must now take stock of your clear response and either withdraw and allow the board to continue to develop Hawthorn Leslie . . . or make a realistic offer for your company that adequately values its business."

With the Hawthorn price consistently above the bid price Starwest has been prevented from buying shares in the market. But Hawthorn directors were in the market buying further shares in the company yesterday. Mr. Neil List purchased 5,000 shares at 139p to take his holding to 60,500 and Mr. Ralph Dale bought 7,500 shares at 136p and 5,000 shares at 139p bringing his holding to 14,500. At the end of the day the shares closed 6p higher at 142p.

NEWCASTLE GROUP FOR C. T. BOWRING

C. T. Bowring (Insurance) Holdings has acquired **Alan J. Thompson (Holdings)** group of insurance brokers.

Bowring is the management company for the insurance broking activities of C. T. Bowring and Co., a subsidiary of Marsh and McLennan Companies, Inc., of the U.S., the world's leading insurance broker. The value of the consideration and the consolidated net profits of Thompson represent less than 1 per cent of the assets and the net profits respectively of Marsh.

The Newcastle-based Thompson group has two insurance broking subsidiaries; one an insurance broking operation dealing in all classes of commercial and private insurance, and the other is involved in life and pensions business.

The staff and business is to be integrated with Preston Powell and Co., Bowring's existing broking company in Newcastle.

APPOINTMENTS

Senior change at Nationwide

Mr. Cyril English, deputy chief general manager of NATIONWIDE BUILDING SOCIETY, has been nominated to succeed **Mr. Leonard Williams** as chief general manager on his retirement in December 1981.

Mr. English has spent the whole of his business career in Nationwide. He joined the Society in 1939 and has been a branch manager, assistant secretary, a general manager and since 1973 deputy chief general manager. He was appointed a director of Nationwide in 1978.

★

Mr. Hugh Collum has been appointed deputy group finance director of CADBURY SCHWEPPES from March 9. He is at present finance director of Courage and a director of Imperial Tobacco. **Mr. Cliff Caldwell** is to become finance director of Cadbury Schweppes Australia on April 1.

★

Prince Michael of Kent is to join the Board of STANDARD TELEPHONES AND CABLES on April 6 after 18 years as a regular Army Officer.

★

Mr. J. M. Graycon has been appointed deputy managing director of CENTRE-FILE, the computer bureau subsidiary of National Westminster Bank. He was formerly managing director of Management Computing Services which was acquired by Centre-file in November 1976. He has been a director of Centre-file since January 1978.

★

Mr. Michael H. Butler has been appointed director-general of finance, NATIONAL COAL BOARD. He succeeds **Mr. F. D. Perryman**, whose appointment to the Post Office Board was announced recently.

★

Mr. Paul Lockyear and **Mr. Bujj Waran** have been appointed, respectively, marketing director and financial director of CANADA PERMANENT TRUST in the UK. **Mr. Stuart Cooksley** has become the group's first regional officer as the West Country representative based at Bristol.

★

Mr. John Fletcher, formerly president and chief executive of the ORIEL FOODS GROUP, will be leaving the group within the the next three months to develop his own interests. This is in accordance with arrangements concluded by RCA, Oriel's former parent, prior to the acquisition by ARGYLL FOODS. In the interim, Mr. Fletcher will be assisting **Mr. J. G. Gulliver** with the integration of the two businesses.

★

Mr. Harry Knight has been appointed managing director of ERF PLASTICS, one of the largest volume-moulders in dough moulded compound and a subsidiary of Britain's only independent manufacturer of heavy goods vehicles. He joined ERF Plastics in 1970 as a sales engineer.

★

Mr. G. C. Hulme has been promoted to the rank of deputy secretary to serve as the deputy secretary (finance) and principal finance officer for the DEPARTMENT OF HEALTH AND SOCIAL SECURITY. He will take up his new appointment on April 1 in succession to **Mr. R. E. Radford**, who is retiring.

★

Following the offer by NESCO INVESTMENTS for COLMORE INVESTMENTS being declared unconditional, **Mr. John Pulford** has been appointed managing director of Colmore. Mr. Pulford was previously with Arthur Andersen and Co. Nesco directors joining the Board of Colmore are **Mr. Trevor Trefgarne** (chairman), **Mr. S. J. Cockburn**, **Mr. Jonathan Davies** and **Mr. N. J. Ferguson**. **Mr. B. T. Carriss** and **Mr. J. R. Charlesworth** have resigned.

★

Mr. George McCulloch has been appointed a non-executive director of STERLING INTERNATIONAL TIMBER HOMES, Glasgow.

★

Mr. Alan Drake has been elected president of the NATIONAL ASSOCIATION OF SHOPFITTERS in succession to **Mr. Leslie Horrocks**. **Mr. John Rabey** has become vice-president.

★

Mr. G. H. Elliot is to become chairman of CHRISTIAN SALVESEN in place of **Mr. L. M. Harper Gow**, who is to retire from that position in September but will remain on the Board. **Mr. Barry E. Sealey** will succeed Mr. Elliot as group managing director. At the same time **Mr. J. M. Barber** will replace Mr. Sealey as managing director of the food services division.

APPOINTMENTS OVERSEAS

Mr. J. David Barnes has been elected chairman and chief executive officer of the MELLON NATIONAL CORPORATION, Pittsburgh, and of its principal subsidiary, MELLON BANK, from March 1. He will succeed **Mr. James H. Higgins**, who is retiring. **Mr. George T. Farrell**, formerly vice-chairman, will become president in place of Mr. Barnes.

★

Mr. William T. Junor has been appointed president of the PFAUDLER CO., Rochester, New York. He was formerly sales director of Henry Balfour and Co. Both concerns are subsidiaries of Sybron Corporation.

★

Mr. J. Paul Horne has been elected first vice-president, research division, at SMITH BARNEY HARRIS UPHAM & CO INC, based in the Paris office.

★

Mr. A. Dean Swift, retired president of Sears Roebuck & Co., has joined the Board of CHICAGO BOARD OF TRADE for three years. He replaces **Mr. Harry O. Bercher**.

Olympia and York bids for Abitibi

By Robert Gibbens in Montreal

OLYMPIA AND YORK INVESTMENTS, the Toronto-based real estate development group which is expanding into the energy resources area has emerged as a bidder for effective control of Abitibi-Price, the world's largest newsprint producer.

A week ago, a major private Montreal shipping company, Federal Commerce and Navigation, made an offer of C$27.50 for 2.25m shares of Abitibi-Price, effective tomorrow.

Including Abitibi-Price shares already acquired, this would have given Federal Commerce a total stake of about 20 per cent of the newsprint maker. The management of Abitibi-Price declined to make a recommendation to shareholders on the Federal Commerce offer. Yesterday it had no immediate comment on the Olympia and York offer.

Olympia and York controls English Property Corporation as wel las substantial real estate portfolios in Canada and the U.S. It recently bought control of Brinco, an oil and gas and mining company in which Rio Tinto Zinc Corporation of London holds a minority stake.

Olympia and York plans to offer C$28 a share for 6.75m shares of Abitibi-Price. The offer to be made through the principal Canadian stock exchanges on February 15, values the stake at C$189m (US$159m). Olympia and York already owned 9.8 per cent of Abitibi's equity and, assuming the offer is successful, and after conversion of preferred, it would have 40.6 per cent of Abitibi-Price and would be by far the largest single stockholder.

Abitibi, like other Canadian paper and newsprint companies, is a major exporter to the U.S. and Europe. Forest product prices are set by the U.S. market, and as much as 50 per cent of Abitibi's profits can come from exchange gains on sales to the U.S.

Scott Paper stake

DENISON MINES of Canada disclosed, in a filing with the U.S. Securities and Exchange Commission, that it has acquired for investment 2m shares, or 5.2 per cent of the stock of Scott Paper fora bout $43.4m, Reuter reports

Occidental ahead despite downturn in final quarter

BY PAUL BETTS IN NEW YORK

OCCIDENTAL PETROLEUM, the Lost Angeles energy group, has reported sharply lower fourth quarter earnings of $138.1m compared with $186.8m in the same period in 1979, but higher profits for the year of $710.8m against $561.6m

Sales in the fourth quarter rose to $3.2bn from $2.9bn in the same quarter of 1979. Revenues last year totalled $12.5bn up from $9.6bn. Per share earnings for the quarter of $1.65 against $2.44 took the annual figure to $8.82 compared with $6.66.

The biggest decline in earnings occured in the company's coal division, where profits in 1980 totalled $1.1m compared with $47.5m in 1979. The company said the decline was attributable to higher labour and production costs which could not be recovered because of a weak domestic market, high customer inventories and severely congested east coast ports.

The company's chemicals earnings were sharply up last year from $40.6m to $103.1m, largely because of higher prices and volume for agricultural products and the company's Canadian operations.

Oil and gas earnings were up from $705.8m in 1979 to $717.7m last year.

Within this, Occidental said increased income from operations in the North Sea resulted principally from higher prices and margins. It said another positive factor resulted from a new tax treaty between the U.S. and the UK.

Earnings from Peru declined because of increased income taxes borne by Occidental while income from Libya was about the same as in the prior year.

El Paso faces $375m charge

BY OUR NEW YORK STAFF

EL PASO, the energy concern and the only U.S. importer of Algerian liquefied natural gas (LNG), is proposing to charge up to $375m against the company's 1980 earnings if the current dispute over its suspended Algerian gas supplies is not resolved swiftly.

The Houston-based company will also delay reporting its financial results for 1980 until after a meeting next week between U.S. and Algerian officials on the gas dispute.

The pricing dispute, involving initial demands on the part of Algeria for a 200 per cent increase in the price of its gas shipments to El Paso, has cost the company about $7m a month, after taxes, since Algeria stopped gas shipments to the U.S. last spring.

El Paso said if the meeting next Tuesday failed to produce an acceptable agreement, the company would have to make an "appropriate valuation" of its LNG investments as of December 31, 1980. The company said such a valuation would produce a charge against earnings of as much as $375m.

The company said the charge would be reported as a loss from discontinued operations, giving El Paso a large net loss for 1980. The company also estimated that its 1980 earnings from continuing operations would be about $1.30 a share compared with $2.99 a share in 1979. El Paso's net in 1979 totalled $138m on revenues of $3.1bn. In the first nine months of this year, El Paso reported net income of $49.6m

But the company said that even with the write-offs, earnings from its other operations would support the current annual dividend rate of $1.48 a share.

PetroCanada seeks tax funds for Petrofina deal

BY OUR FINANCIAL STAFF

PETROCANADA is asking the Candian federal Government to raise C$1.46bn (U.S.$1.24bn) from Canadian consumers to finance its purchase of Petrofina Canada.

Mr. Wilbert Hopper, chairman of the national oil company, said yesterday that he would like the takeover paid for with proceeds from taxes proposed in the recently announced national energy programme.

Mr. Hopper said that PetroCanada was unable to finance the deal itself because of the C$1.8bn of debt it is carrying from its acquisition of Pacific Petroleum and the Canadian operations of Atalantic Richfield in the past five years.

"I would like 100 per cent to be paid out of taxes. In other words. I would like 100 per cent equity because we are pretty well strapped with debt."

Mr. Marc Lalonde, federal energy minister, said last week that federal tax revenues might be available.

The investment community has been expecting changes in PetroCanada's capital structure for some months but no plan has yet been revealed.

Hobart moves to block offer

By Our Financial Staff

HOBART Corporation, a manufacturer of kitchen and catering equipment, has filed a motion for a preliminary injunction against Canadian Pacific Enterprises U.S. seeking to bar the continuation of Canadian Pacific's $32.50 a share bid for between 52 and 100 per cent of Hobart.

The suit is also against some Canadian Pacific affiliates and Bank of Montreal, National Westminster Bank, International Westminster Bank, Chemical Bank and Lincoln First Bank.

It says Canadian Pacific and its banks have not complied with Federal Securities Laws

Toyota and Ford near production agreement

By Ian Hargreaves in New York

FORD MOTOR of the U.S. and Toyota of Japan now expect to sign an agreement this summer to manufacture 300,000 Toyota-designed vehicles a year in the U.S.

These are the latest indications from Ford regarding its long-proposed joint-venture with Toyota, for whom the agreement would represent the first significant manufacturing operations outside Japan.

The two companies have apparently narrowed down to three the possible choices of vehicle. Recent betting has favoured a medium-sized car to replace Ford's Fairmont or Granada ranges from October 1983, but another possibility on the short list is thought to be a mini-van.

These small vans, popular in both Europe and Japan, are unknown in the U.S. and Ford will therefore have to decide whether it believes a market exists for a vehicle whose cargo capacity is not much greater than that of many American station wagons.

But Ford and Toyota have resolved one sticking point, over how many manufacturinglocations will be involved.

Ford was pressing for two, Toyota for one, and the Japanese have won this argument. The number of vehicles to be produced per year — which is very substantial even in the context of the 10m a year U.S. car market — represents a compromise.

BankAmerica tops bidder for Argentine bank

By Robert Lindley in Buenos Aires and Hugh O'Shaughnessy in London

Bank of America has submitted the highest bid, $150m, for the assets of Banco Internacional of Buenos Aires. Banco Internacional was put up for tender by the Argentine Central Bank in the wake of last week's bankruptcy of Sasetru, the Argentine food industry conglomerate of which it formed part.

Banco Internacional was owed $377m by Sasetru as a result of complicated dealings within the conglomerate. The Argentine Government has yet to approve the sale of the local bank to Bank of America.

Sasetru crashed on Thursday with liabilities estimated at about $1.4bn. The bulk of this sum was owed to local banks and finance houses. About $100m was outstanding to foreign banks and a similar amount to commercial creditors. Its collapse is likely to hit severely other Argentine financial institutions.

In decreeing the bankruptcy the judge of the national commercial court ordered Sasetru's 15 directors to remain in Argentina. The Sasetru bankruptcy is likely to add to the toll of financial institutions, more than 30 of which have collapsed over the past 11 months.

Shortly before the bankruptcy the Argentine central bank ruled that no bank should lend more than 25 per cent of its net worth to any business group. Hitherto banks had been allowed to grant up to 25 per cent of their net worth to different companies in one group. The central bank aims to have the new controls in force by the end of August, though this may not be easy for banks which have large sums outstanding to companies with which they are associated.

The decision of the court, which follows the abandonment of efforts by shareholders in Sasetru to keep it afloat, shattered hopes that the company could be kept alive until April under an agreement with creditors.

Meanwhile, the central bank has announced a number of measures to assist the consolidation of banks into stronger groupings. Central bank loans will be available to allow domestic banks to consolidate their capital base and compete with foreign banks for the purchase of ailing financial institutions.

This move may blunt some criticism of the growing strength of foreign banks in Argentina. In recent months Crédit Lyonnais has bought the faltering Banco Tornquist and Manufacturers Hanover Trust and Continental Illinois have both been granted permission to open branches in Buenos Aires.

Foreign banks have some 12 per cent of total Argentine bank deposits and the proportion is rising. Any sale of Banco Internacional to foreign banks would most likely increase the political problems of the outgoing administration of General Jorge Videla.

There has, too, been intense competition for deposits and the effective rate on 180-day bank acceptances is hovering round 120 per cent. Consumer prices last year rose by 87.6 per cent, according to official figures.

INTERNATIONAL CAPITAL MARKETS

Prices decline for dollar bonds

BY FRANCIS GHILES

PRICES OF Eurodollar bonds declined by ½ to ¾ points yesterday in late trading after a sudden fall in prices in the New York market. This drop appears to have been prompted by Citicorp's decision not to cut its prime rate, which remains at 19 per cent.

Dealers in London said that some large selling orders emerged in the afternoon as a number of investors sought to switch from Eurodollar bonds to U.S. Treasury bonds. Such news will do little to help the newest Eurobond issues, most of which are being taken up slowly.

Prices of seasoned foreign Deutsche Mark issues continued to decline in light trading yesterday, losing about ½ a point on the day. This brings the fall in prices to about 2½ points over one week. The movement was attributed in Frankfurt to the Bundesbank's failure to support a declining domestic bond market rather than to the weakness of the currency, which was relatively state.

Prices of domestic bonds fell by up to 1 point yesterday as the Bundesbank emerged as a small seller of bonds. Since last Friday the bank has confined its operations to maintaining an orderly market for specific federal borrowers.

This action was prompted by its efforts to drain liquidity from the money market. Intervention to support the bond market would simply have returned some of this liquidity to the banking system.

But the effect has been that yields on long-term paper have risen, with some 10-year state bonds now offering a return of more than 10 per cent.

The bond for the Federal Post Office, due to be launched tomorrow, is now expected to carry a coupon well in excess of the 9 per cent awarded to the Federal railways in January.

The weakness of the D-Mark bond market is spilling over into the foreign guilder sector, where for the first time an issue was pulled. The Fl 40m bond to 1988 for MacMillan Bloedel was withdrawn by the lead manager, Pierson Helring. The coupon of 11 per cent failed to attract sufficient support.

DM 120m Cuba credit

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

CUBA IS making a relatively rare appearance in the Euromarkets with the announcement of a DM 150m credit led by Credit Lyonnais for its central bank, Banco Nacional de Cuba.

The credit bears a margin over interbank rates of 1 per cent for five years, with repayments beginning after a grace period of three years.

This compares with a split margin of 1-1¼ per cent on the country's last major international borrowing, a DM 220m credit arranged in May, 1979.

But that credit had a longer maturity of seven years and, taking this into account, borrowing conditions for the country have changed very little.

In keeping with Cuba's standard policy, the credit is denominated in Deutsche Marks. For political reasons Cuba rejects the notion of borrowing in U.S. currency.

Credit Lyonnais is currently putting together a management group for the credit which is being syndicated on a very discreet basis.

Acquisitions boost profits at St.-Gobain

By David White in Paris

SAINT-GOBAIN-Pont-a-Mousson, the diversified French industrial group, increased consolidated net profits last year by about a third to FFr 880m ($180m) frfom 1979's FFr 666m, according to estimates given to employees by M. Roger Fauroux, the chairman.

Data processing activities, which have been at the hub of the group's moves aawy from its traditional concentration on glass and metal pipes, contributed about 10 per cent of the earnings.

Net sales climbed to FFr 43bn from FFr 35.5bn. Half of the increase was attributable to the consolidation of the CII-Honeywell Bull computer group in the second half of the year, after Saint-Gobain's acquisition of an indirect controlling stake.

The group's 23 per cent stake in Italy's Olivetti office machine concern has also been brought into the consolidated accounts for the second half.

Saint-Gobain's operating income rose to FFr 2.2bn—or FFr 2bn on a strictly comparable basis—from FFr 1.7bn in 1979. Cash flow reached FFr 3bn against FFr 2.5bn. But counting only the same activities, th elevel climbed more slowly to FFr 2.6bn.

Bank Brussels dip

BANK BRUSSELS Lambert (UK), a subsidiary of the Belgian-based bank, reports a decline in pre-tax profits for the year ended September to £237,190 ($555,000) from £573,367 previously, writes Our Euromarkets Correspondent. The decline is after an unspecified provision for losses in respect of a loan to the toy manufacturer, DCM International which is currently in the process of liquidation.

The bank said its total assets rose to £189m from £140m a year earlier.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, February 12.

Closing prices on February 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	96⅛	96⅝	−0½	−1	14.09
CECA 11½ 88	100	90¾	91¼	−0⅛	−0⅞	13.49
CNE 12¾ 91	100	94⅛	94⅝	−0⅜	−1	13.82
Citicorp O/S Fin. 10 86	300	86⅛	86⅝	−0⅛	−1⅛	13.69
Citicorp O/S Fin. 12 87	200	92¼	92⅝	−0¼	−1	13.78
Con. Illinois O/S 9¾ 86	150	84⅛	84⅝	−0⅛	−1¼	14.03
Denmark 11¾ 90	100	87⅞	88⅜	−0⅛	−1⅛	14.08
Dupont Canada 13½ 91	65	96⅜	96⅞	−0⅛	−1⅛	14.15
EEC 11 95 (May)	75	82⅞	83⅜	−0½	−1⅛	13.73
EEC 11 95 (August)	70	81⅝	82⅛	−0⅛	−0⅞	13.90
EIB 13¾ 90	100	99	99½	−0⅛	−0⅜	13.86
Eksportfinans 9½ 87	75	83¼	83¾	−0¼	−0½	15.46
Elec. de France 10 88	125	83⅛	83⅝	−0⅜	−1⅛	13.68
Elec. de France 13 88	125	96⅞	97⅜	−0½	−0⅞	13.65
Export Dv. Cpn. 12¾ 87	100	96⅛	96⅝	−0⅛	−1⅛	13.73
Export Dv. Cpn. 9½ 86	150	84½	85	−0¼	−1⅛	13.97
Fin. Exp. Credit 10½ 85	50	88	88½	−0⅛	−0⅜	14.22
Finland, Rep. of 9½ 86	100	82⅞	83⅜	−0⅛	−0⅜	14.38
Ford Credit O/S 14¾ 83	150	95¾	96¼	0	−0⅛	16.44
Ford O/S Fin. 12⅝ 85	250	88½	89	−0⅜	−0⅞	16.43
Gaz de France 13½ 86	80	98⅞	99⅜	−0⅛	−1	13.74
GMAC O/S Fin. 12 87	100	89⅞	90⅜	−0⅜	−1⅛	14.39
GMAC O/S Fin. 12⅞ 88	100	93¼	93¾	−0⅛	−1	14.41
Gen. Mtrs. O/S 11¾ 87	100	89⅞	90⅜	−0⅛	−1⅛	14.09
GTE Fin. 13¾ 86 (WW)	50	98½	99	−0⅜	−0⅛	14.10
Hudson's Bay 11½ 90	75	86⅛	86⅝	−0⅛	−1⅛	14.19
IBM Canada 10½ 85	50	95⅛	95⅝	−0⅛	−0⅞	11.97
IBM Wld. Trade 12¼ 88	200	98¼	98¾	−0⅛	−1⅛	13.3[illegible]
Newfoundland 13½ 90	60	95½	96	−0¼	−0¼	14.37
Nova Scotia 10¾ 90	60	83⅞	84⅜	−0⅛	−1⅛	13.83
OKB 10 85	50	88½	89	−0⅛	−0⅞	13.49
Pemex 11½ 88	100	84⅜	84⅞	−0¼	−0⅜	15.04
Quebec Hydro 11½ 92	100	84¼	85¼	−0⅛	−0⅞	14.21
Queb. Hy. 13 91 (WW)	100	93⅛	93¾	−0⅛	−2	14.26
Rovlease 11¾ 85	50	92¼	92¾	0	−0⅜	13.59
SNCF 12½ 85	50	95⅜	96⅜	−0¼	−0⅞	13.62
Sven Handelsbk. 13¾ 88	45	96½	97	−0⅛	−0¼	14.47
Sweden 12¾ 85	150	94½	95	−0⅛	−0⅜	13.94
Swed. Ex. Credit 12 83	50	94⅛	94⅝	−0⅜	−0½	14.83
Swed. Ex. Credit 13 86	75	95½	[illegible]	−0⅜	−0⅛	14.24
Unilever NV 9¾ 90	100	80½	81	−0½	−1½	13.44
World Bank 9¾ 85	200	87¼	87¾	−0½	−0⅞	13.75
World Bank 10¼ 87	300	86½	87	−0⅛	−0⅜	13.45

Average price changes... On day −0¼ on week −0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 90	100	90	90¾	−0⅛	−2	9.95
Australia 8⅛ 90	250	93⅛	93⅞	+0⅛	−2⅞	9.21
Austria, Rep. of 8¾ 92	150	88⅝	89⅛	−0⅞	−2⅛	9.87
BFCE 8¼ 95	100	†88	89	−0⅜	−2⅝	9.66
CECA 7⅞ 92	150	†88	88¾	−0⅜	−2	9.57
CII-Honeywell 8¾ 90	125	†89¾	90¼	−0⅛	−2⅞	10.08
Denmark 8¼ 92	100	†92	93	−0½	−1⅛	9.37
EIB 8¼ 90	200	91⅞	92⅜	−0⅜	−3¼	9.76
ESCOM 9¼ 87	100	96	96⅜	−0⅛	−0⅜	10.00
Iberduero SA 9 90	100	†96½	97½	0	+0½	9.48
Ind. Bk. Finland 8½ 90	50	†90	91	−0⅛	−2	10.06
Japan Air Lines 8¼ 87	100	91⅞	92⅞	−0⅛	−1⅛	9.73
Japan Dev. Bank 7⅞ 87	100	89¾	90½	−0⅞	−0⅜	9.71
Kobe, City of 8 90	100	89⅛	89⅞	−0⅛	−3⅛	9.74
Midland Int. Fin. 8½ 90	180	90⅞	91⅝	−0½	−3⅛	9.83
Norway 7½ 85	250	93¾	94¼	−0⅛	−1	9.47
Nuclebras 9¾ 88	100	†88¾	89¾	+0⅛	−0⅜	11.95
OKB 8¼ 92	150	†88	89	−0⅛	−2⅛	9.97
Oslo, City of 8¾ 90	80	97	97¾	0	−1½	9.19
Venezuela, R. of 9¾ 90	150	94	95	−1⅛	−1⅛	10.67
World Bank 8 90	700	88⅝	89⅛	−0½	−2⅛	9.82
World Bank 10 85	150	101⅛	102	−0⅞	−2⅝	9.57
World Bank 10 90	200	101⅝	102⅛	−1	−2⅛	9.61

Average price changes... On day −0½ on week −2⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5¾ 90	100	95	95¼	−1⅛	+0½	6.06
Bayer Int. Fin. 5¾ 92	100	95⅝	95⅞	−0⅛	+0⅛	5.75
Bergen, City of 6 90	50	100	100¼	+0¼	+1⅛	5.98
Buhrm'n-Tetterode 7 90	40	103¼	103½	−0⅞	−0⅞	6.51
Copenhagen Tele. 5¾ 90	60	93	93½	−0⅜	+0¼	6.72
Denmark 5¾ 90	80	94¾	95	+0¼	−0⅜	6.49
EIB 4¾ 94	100	82¼	82½	−0⅜	−1⅞	6.35
Elec. de France 5¾ 90	100	95¼	95¾	−0⅞	−1½	5.87
Eurofima 5¾ 92	80	†101	102	0	−0⅜	5.57
F. G. H. Hypo. Bk. 6 90	50	†98	98½	−0½	0	6.25
Finland, Rep. of 5¾ 90	80	93½	93¾	−0⅜	+0⅛	6.56
GZB 4¾ 89	100	85¼	85⅝	0	+0¼	6.52
Int.-Amer. Dev. 7 90	80	107¼	107¾	−0¼	−0¼	6.61
Japan Dev. Bank 5¾ 90	100	97¼	97½	−0¼	−1	6.11
Jutland Tele. 5½ 90	50	93¼	93½	+0⅛	+0¼	6.49
Mt. Blanc Tunnel 5½ 90	60	95	95½	−0½	−0⅜	6.18
Newag 5¾ 90	80	95¼	95⅝	−0⅛	−2⅛	6.43
Nippon Tel & T. 4¾ 89	100	89⅞	90⅛	+0¼	−1¼	5.75
Norges Komm. 4¾ 91	100	85	85¼	−0⅛	−0¼	6.33
OKB 4¾ 91	100	83½	83¾	−1⅛	0	6.55
OKB 6 90	100	98¾	99	+0¼	−1	6.16
Oslo, City of 4¾ 91	100	84¼	84½	0	+0⅞	6.44
Oslo, City of 5¾ 90	80	97¾	98	−0⅛	+0⅜	6.17
Philips Lamps 5¾ 92	100	92¾	93	0	+0¼	6.13
Sekisui Pre. Hms. 6 90	80	96¾	97	−0⅛	+1⅛	6.45
Shikoku El. Pwr. 4¾ 89	100	94½	94¾	−0½	−1⅛	5.55
Trade Dev. Fin. 6¾ 90	50	93½	94	0	−0⅜	7.03
Voest-Alpine 5¾ 90	80	94½	94¾	−0⅞	−2⅞	6.51

Average price changes . On day −0⅜ on week −0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 83	30	92¼	93¼	−0⅛	0	8.78
Australia 6½ 88	20	88¾	89¾	0	+0⅛	8.60
EIB 7¾ 89	12	93½	94½	0	+0⅜	8.74
Finland 5.6 83	10	91¾	92¾	0	+0⅛	9.06
Finland 6.8 88	10	87¾	88¾	0	−0½	9.18
Finland, Rep. of 8¾ 87	15	86¾	87¾	0	−0⅛	9.03

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	91	91¾	+0⅛	−0⅜	12.96
CIBC 13½ 85 C$	50	†98½	99¼	+0½	0	13.81
CIBC 11½ 85 C$	60	†92¾	93½	+0½	0	13.61
Federal Dev. 11½ 90 C$	60	†86½	87½	+1	+0½	14.03
Fst. Can. Inv. 10 84 C$	50	†89¼	90	+0¼	−0⅜	14.13
R. Bk. Canada 10 86 C$	40	90	90¾	0	−0⅛	12.58
Tordom Con. 13½ 85 C$	30	†98¼	99	+0½	+0¼	13.89
M'Bk. Dnmk. 9 91 EUA	25	89¼	91	0	−1⅛	[illegible]
SOFTE 8¼ 89 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nrwy. 9½ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Mees & H. 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F. G. Hypo 9¾ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Heineken NV 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Inv. Bk. 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. Neder. 9½ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ned. Midd. Bk. 10 85 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aero Paris 13¼ 87 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Charb'nages 13⅞ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 14¼ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 14½ 88 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz de France 11 84 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
La Redoute 14¾ 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 14 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Mex. Sts. 14 85 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Acona 14 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial 14¼ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 13½ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 13½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 13½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 14½ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. for Ind. 13¾ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12¼ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Peugeot SA 14 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rothschild 14½ 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cr. 15¼ 85 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banobras 8¾ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 8¼ 91 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sonatrach 8½ 90 KD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo 9¼ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Euratom 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 10½ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¾ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Volvo 9¾ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Montreal 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank of Tokyo 5¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BBL Int. 5 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen Bk. A/S 6 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 5½ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 5¼ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Christiania Bk. 5½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S F. 84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C. Itoh 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-operative Bk. 6 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Den Norske Credit 6 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Genfinance 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Giro und Bank 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 5½ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bank Japan 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Bank Japan 5¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Eurofin 8 90 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Eurofin 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan 5¼ 86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Man. Hanov. O/S 5¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. Fin. 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. Fin. 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacional Fin 6¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. 5¼ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sparebanken 6 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Svenske Hndlsbk. 5 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. Ex. d'Alg. 4¼ 89 SF	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 6¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Suisse 4¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Digicon Fin. 8½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Enserch Fin. 9½ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson O/S Fin. 9½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ina Overseas 8¾ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Inchcape Ltd. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jacca 7½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marion Int. Fin. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Matsushita El. 7½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MEPC 8¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Niigata Eng. 7½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nissho-Iwai Co. 8 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ricoh 6¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo M. Ind. 7 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Bk. Cpn. 6¾ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Taylor Woodrow 8¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transco Int. 8¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tricorp 8½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bk. Switz. 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu 5 84 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sharp Cpn. 6½ 88 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Uny Co. 6½ 85 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTL. COMPANIES & FINANCE

ASEA raises dividend as special items lift profit

BY VICTOR KAYFETZ IN STOCKHOLM

ASEA, the Swedish heavy electrical engineer, reports a rise from SKr 339m to SKr 390m ($85m) in pre-tax profits for 1980, and is lifting its dividend to SKr 7 a share from SKr 6.

The profits upturn, however, results from an improvement in net interest items and exchange differences, together with a large non-recurring payment.

Operating profits were almost a third lower at SKr [illegible]. Moreover, after tax and other appropriations, net earnings emerge at SKr 161m, compared with SKr 195m.

Group sales rose 6 per cent to SKr 12.56bn. Because of the recession, especially outside Sweden, order inflow was down nearly 13 per cent to SKr 12.11bn.

Because present and planned efficiency measures will take time to come to fruition, and because of the continued economic slowdown, "no significant improvement in the operating earnings can be expected during 1981."

Net interest costs were reduced from SKr 114m to SKr 3m, while exchange differences yielded a surplus of SKr 3m, against a 1979 deficit of SKr 34m. Dividend income jumped from SKr 50m to SKr 111m, mainly because of an unspecified once-only dividend of SKr 50m.

ASEA decided during 1980 to shut down the loss-making mining, iron and steel operations at its subsidiary, Surahammars Bruks. As a result "non-recurring write-down and liquidation costs totalling SKr 97m have been charged to the ASEA group earnings." Total non-recurring expenses were SKr 121m against a 1979 surplus of SKr 8m.

In addition, "substantial appropriations have been made in the accounts in view of the disturbances that have affected the generators supplied to the TVO nuclear power plant at Olkiluoto, Finland."

In recent months the group has began what it hopes will be a breakthrough on the U.S. market for industrial robots by selling 20 such machines to General Motors, which will use them in chassis production. There are plans to hive off the robot operations from electronics to form a separate division.

Krauss Maffei turnover declines

BY KEVIN DONE IN FRANKFURT

KRAUSS MAFFEI, maker of the West German Leopard battle tank, expects a further slump in turnover to around DM 1.1bn ($516m) this year, after sales of DM 1.5bn in 1980 and DM 2.1bn in 1979.

The bulk of Maffei's work comes from the military sector and turnover is unlikely to take off again until next year when production of the Leopard 2 tank reaches full capacity of some 15 tanks per month. Output of the Leopard 2, which began in the autumn of 1979, is running at seven a month.

The company's order books are standing at a value of some DM 3bn and its future work programme is strongly underwritten by the contracts from the German and Dutch Armies for 1,800 and 445 Leopard 2 tanks respectively. These contracts will not be completed before the first half of 1986.

Of the Leopard 2 contracts Maffei, part of the privately-owned Flick group, is responsible for 55 per cent of the assembly work, with the rest of the work going to Krupp MAK.

The hiatus in military work and a slump in orders in some of its civilian operations also depressed the company's profitability last year to below the 1979 level of DM 12m, Maffei said yesterday.

Non-military work accounted for DM 400m of last year's turnover of some DM 1.5bn. The major civilian activity lies in the manufacture of machinery for the plastics industry and here sales dropped by about 15 per cent to DM 140m as a result of the growing recession.

ACI adjusts terms of Acmil bid

By James Forth in Sydney

ACI, Australian Consolidated Industries, has adjusted the terms of its A$240m (U.S.$282m) bid for Acmil to encourage acceptance of its share-and-cash offer rather than its all-cash alternative.

ACI's bid, made last month was described by the boards of both diversified industrial companies as a merger and was recommended by the Acmil board. The original ACI terms were A$1.38 cash or three ACI shares plus 90 cents cash for five Acmil shares, which based on ACI's price then of A$2.30 valued Acmil shares at A$1.56. But ACI's share price has since drifted to A$2.14.

ACI has now agreed to include accepting Acmil holders in the final ACI dividend, paid in August. If last year's payment of 7.5 cents an ACI share is maintained, it would add 4.5 cents a share to the value of an Acmil share and lift the share-cash terms to A$1.50.

Acmil has disclosed that its profit in the half year ended in December 1980 rose 20 per cent from A$10.25 to A$12.3m, lifting earnings a share from 7.9 cents to 9.2 cents.

Strong earnings advance by Lafarge Coppee

BY DAVID WHITE IN PARIS

FRANCE'S Lafarge Cement group, which has adopted the name Lafarge Coppee since its takeover of the Belgian Coppee concern at the end of last year, has indicated that 1980 consolidated net profits rose by about 30 per cent from 1979's FFR 289m ($59m).

Sales rose 13 per cent to more than FFr 9bn. This does not include Coppee's biochemical, food processing, energy and engineering interests of which Lafarge recently took control in exchange for shares, or the refractory products activities which it has bought for FFr 95m from Saint-Gobain-Pont-a-Mousson.

The figure also excludes the packing division, Lafarge Emballage, sold last year to Saint-Gobain's paper subsidiary, La Cellulose du Pin, for FFr 122m.

Lafarge said it hoped to continue expansion this year despite prospects of stronger competition on the world market. It said cement consumption in France should be maintained after growing slightly last year for the first time since 1974. At the same time it expected a market improvement in its results in North America.

● Pechiney Ugine Kuhlmann, the French metals and chemicals group, has decided to reinforce its presence in Japan by buying the bulk of the shareholding held by Showa Denko group in their joint subsidiary, Showa Savoie.

The joint company was set up 10 years ago to make carbon products, particularly for use in the aluminium industry. PUK's specialised subsidiary, Societe des Electrodes et Refractaires "Savoie," will now hold 90 per cent of Showa Savoie.

The Japanese plant, at Nagahama, employing 100 people and with a production capacity of 21,000 tonnes, ran into difficulties in 1978 because of the slowdown in the Japanese aluminium industry.

The PUK group, France's largest exporter to Japan, also has a joint venture there linking its subsidiary, Howmet Turbo Components, with the Komatsu group.

PUK said it had decided to take over majority control of Showa Savoie in view of expansion prospects offered by the development of aluminium output in South-East Asia and Australia.

Two major Swedish banks raise payout

By Our Stockholm Correspondent

SWEDEN'S two largest privately owned banks, Skandinaviska Enskilda Banken (SEB) and Svenska Handelsbanken (SHB), both report lower earnings for 1980. An upswing in profits during September-December none the less means that their previous forecasts for 1980 have proved too pessimistic, and both propose slightly higher dividends.

Skandinaviska Enskilda Banken reports earnings of SKr 884m ($175.5m for 1980, down 5.4 per cent. This was far better than the 15 per cent drop predicted in the eight-month report. At SKr 329m, September - December earnings were well above the SKr 234m recorded for the same months of 1979.

The SEB board recommends raising the dividend by SKr 0.50 per share to SKr 10.75. It also proposes one-for-10 rights issue at SKr 110 a share. The issue will raise SKr 167m.

SEB's income rose 2.2 per cent to SKr 2.15bn, including a 9.4 per cent drop in net interest income to SKr 1.35bn but a 19.2 per cent jump in other revenues such as commissions and currency exchange.

The SEB group, including the bank's finance and property subsidiaries and majority-owned foreign units, reported earnings down 4.1 per cent to SKr 966m and a consolidated balance sheet of SKr 90.2bn, up 20.4 per cent.

The somewhat smaller but more profitable Svenska Handelsbanken reported 1980 earnings of SKr 827m, down 13 per cent from SKr 950m. Profits for the final four months were SKr 353m compared with SKr 333m.

The board proposes a dividend of SKr 4.80 per share, up SKr 0.50.

SHB recorded an income of SKr 1.9bn, up 0.5 per cent, including interest income down 8 per cent to SKr 1.32bn and other income up strongly.

Van Gelder to close plant

By Our Financial Staff

THE LOSS-MAKING Dutch paper group, Papierfabrieken Van Gelder, will close down production at one of its two white paper plants. Continuation of the company in its present form would call for a "level of funding which is not available."

The company has yet to decide which of the plants, at Yelsen and Wapenveld, will close. The plants account for all of Van Gelder's 200,000 tonnes a year white paper production.

Van Gelder is discussing the situation with the Government. The company, which is 50 per cent owned by Crown Zellerbach of the U.S. incurred a Fl 54.9m ($23.6m) loss in 1979 and a Fl 53.9m loss in the first half of 1980.

AMERICAN QUARTERLIES

AMERICAN STANDARD

	1980 $	1979 $
Fourth quarter		
Revenue	672.9m	657.4m
Net profits	39.2m	32.8m
Net per share	1.43	1.18
Year		
Revenue	2.67bn	2.43bn
Net profits	156.9m	132.2m
Net per share	5.69	4.76

ANDERSON CLAYTON

	1980-81 $	1979-80 $
Second quarter		
Revenue	551.5m	497.2m
Net profits	14.15m	16.25m
Net per share	1.11	1.21
Six months		
Revenue	951.2m	893.1m
Net profits	19.32m	24.58m
Net per share	1.56	1.83

ANHEUSER-BUSCH

	1980 $	1979 $
Fourth quarter		
Revenue	925.2m	811.6m
Net profits	35.1m	28.5m
Net per share	0.78	0.63
Year		
Revenue	3.82bn	3.26bn
Net profits	171.8m	144.3m
Net per share	3.80	3.19

ASARCO

	1980 $	1979 $
Fourth quarter		
Revenue	285.2m	482.3m
Net profits	24.73m	82.98m
Net per share	0.84	2.78
Year		
Revenue	1.81bn	1.72bn
Net profits	237.3m	259.1m
Net per share	8.02	8.56

CURTISS-WRIGHT

	1980 $	1979 $
Fourth quarter		
Revenue	74.6m	54.5m
Net profits	15.87m	13.03m
Net per share	1.90	1.56
Year		
Revenue	228.5m	202.1m
Net profits	39.75m	33.77m
Net per share	4.75	4.05

EATON CORPORATION

	1980 $	1979 $
Fourth quarter		
Revenue	775.0m	830.0m
Net profits	21.9m	28.3m
Net per share	0.81	1.07
Year		
Revenue	3.2bn	3.4bn
Net profits	115.8m	153.3m
Net per share	4.35	5.86

FAIRCHILD INDUSTRIES

	1980 $	1979 $
Fourth quarter		
Revenue	285.0m	192.0m
Net profits	15.5m	12.7m
Net per share	0.97	1.01
Year		
Revenue	506.0m	702.0m
Net profits	54.5m	42.5m
Net per share	4.02	3.41

FMC CORPORATION

	1980 $	1979 $
Fourth quarter		
Revenue	904.1m	884.6m
Net profits	41.2m	40.0m
Net per share	1.23	1.20
Year		
Revenue	3.46bn	3.31bn
Net profits	142.7m	151.6m
Net per share	4.26	4.55

GENERAL REINSURANCE

	1980 $	1979 $
Fourth quarter		
Revenue	320.8m	238.9m
Net profits	43.44m	38.98m
Net per share	1.99	1.79
Year		
Revenue	1.1bn	949.1m
Net profits	154.4m	133.9m
Net per share	7.08	6.14

GENERAL SIGNAL

	1980 $	1979 $
Fourth quarter		
Revenue	394.8m	352.5m
Net profits	29.92m	25.15m
Net per share	1.13	1.00
Year		
Revenue	1.52bn	1.38bn
Net profits	104.2m	87.8m
Net per share	4.01	3.52

HOUSTON OIL & MINERALS

	1980 $	1979 $
Fourth quarter		
Revenue	125.2m	67.2m
Net profits	30.79m	22.29m
Net per share	1.00	0.71
Year		
Revenue	383.0m	300.6m
Net profits	71.41m	60.39m
Net per share	2.25	1.89

INTERNORTH

	1980 $	1979 $
Fourth quarter		
Revenue	907.5m	775.7m
Net profits	42.58m	55.78m
Net per share	0.94	1.24
Year		
Revenue	[illegible]	2.5bn
Net profits	211.7m	185.5m
Net per share	4.70	4.09

KERR-McGEE

	1980 $	1979 $
Fourth quarter		
Revenue	949.4m	756.5m
Net profits	51.8m	40.4m
Net per share	1.99	1.56
Year		
Revenue	3.48bn	[illegible]
Net profits	182.2m	[illegible]
Net per share	7.02	6.18

LONE STAR INDUSTRIES

	1980 $	1979 $
Fourth quarter		
Revenue	224.7m	222.5m
Net profits	15.9m	16.3m
Net per share	1.37	1.67
Year		
Revenue	909.3m	792.5m
Net profits	59.2m	58.0m
Net per share	5.25	5.15

MAPCO

	1980 $	1979 $
Fourth quarter		
Revenue	532.8m	439.1m
Net profits	28.97m	30.77m
Net per share	1.06	1.13
Year		
Revenue	1.77bn	1.26bn
Net profits	122.3m	88.6m
Net per share	4.48	3.28

METROMEDIA

	1980 $	1979 $
Fourth quarter		
Revenue	148.6m	137.9m
Net profits	19.22m	16.05m
Net per share	4.47	3.48
Year		
Revenue	459.9m	416.7m
Net profits	54.79m	41.77m
Net per share	12.98	9.05

MOORE McCORMACK RESOURCES

	1980 $	1979 $
Fourth quarter		
Revenue	161.6m	148.2m
Net profits	11.82m	11.53m
Net per share	2.07	2.02
Year		
Revenue	541.1m	461.2m
Net profits	47.05m	40.51m
Net per share	8.25	7.10

PRENTICE HALL

	1980 $	1979 $
Fourth quarter		
Net profits	10.51m	7.57m
Net per share	1.06	0.76
Year		
Revenue	353.41m	281.55m
Net profits	30.81m	27.82m
Net per share	3.11	2.80

JOS. SCHLITZ BREWING

	1980 $	1979 $
Fourth quarter		
Revenue	217.8m	224.3m
Net profits	2.22m	†44.79m
Net per share	0.08	†1.54
Year		
Revenue	1.03bn	1.04bn
Net profits	26.99m	†50.65m
Net per share	0.93	†1.74

† Loss.

G. D. SEARLE

	1980 $	1979 $
Fourth quarter		
Revenue	285.8m	247.6m
Net profits	30.41m	24.55m
Net per share	0.57	0.46
Year		
Revenue	1.08bn	898.4m
Net profits	94.34m	89.0m
Net per share	1.78	1.68

SUPERIOR OIL

	1980 $	1979 $
Fourth quarter		
Revenue	440.7bn	302.6bn
Net profits	97.2m	47.68m
Net per share	3.83	1.99
Year		
Revenue	1.5bn	1.09bn
Net profits	334.5m	200.3m
Net per share	13.22	9.52

TIDEWATER INC.

	1981-80 $	1979-80 $
Third quarter		
Revenue	92.4m	69.8m
Net profits	14.08m	9.49m
Net per share	0.84	0.57
Nine months		
Revenue	254.1m	191.8m
Net profits	37.33m	21.37m
Net per share	2.24	1.30

TIMES MIRROR

	1980 $	1979 $
Fourth quarter		
Revenue	485.0m	444.2m
Net profits	42.4m	37.1m
Net per share	1.24	1.08
Year		
Revenue	1.87bn	1.85bn
Net profits	139.2m	148.5m
Net per share	4.08	4.31

U.S. TOBACCO

	1980 $	1979 $
Fourth quarter		
Revenue	70.1m	62.0m
Net profits	8.86m	9.19m
Net per share	1.10	1.03
Year		
Revenue	265.8m	233.3m
Net profits	37.69m	32.03m
Net per share	4.16	3.60

WARNACO

	1980 $	1979 $
Fourth quarter		
Revenue	121.2m	117.9m
Net profits	5.68m	4.28m
Net per share	1.15	0.91
Year		
Revenue	465.0m	448.3m
Net profits	16.59m	16.56m
Net per share	3.87	3.92

WARNER COMMUNICATIONS

	1980 $	1979 $
Fourth quarter		
Revenue	654.8m	488.1m
Net profits	44.49m	33.71m
Net per share	0.76	0.59
Year		
Revenue	2.06bn	1.65bn
Net profits	137.1m	109.1m
Net per share	2.38	1.97

Sony chief optimistic on outlook for 1981

By William Cochrane

SONY CORPORATION'S prospects for the current year are "very bright," Mr. Akio Morita, the group's *chairman and chief* executive officer, said in London yesterday.

Sales for the year to October 31 are expected to rise by about 15 per cent from last year's Y900bn ($4.4bn), itself 39 per cent higher than in 1978-79. It was premature to predict net income," Mr. Morita added, as Sony operated in many different currencies."

Last year Sony's net income almost quadrupled to Y63.7bn ($312m), but a turnround from foreign exchange losses to gains accounted for Y40bn of the rise from Y41.3bn to Y116.7bn before tax, and Mr. Morita said that he regarded 1978-79 as an exceptionally poor year.

Videotape recorder sales increased by 64 per cent to 23 per cent of the group total last year. The home penetration level of consumer VTRs is forecast for 1981 at 10 per cent in Japan, and to exceed 4 per cent in the U.S. and 3 per cent in Europe. Last year, Sony sold 850,000 home VTRs. Its present annual production capacity is 1.2m Betamax units, but it is planned to raise this to 1.8m this spring, and to 2.4m in 1982.

Mr. Morita commented that the videocassette was also expanding the market for colour television sets—from consumers, for example, who were unable to receive station signals. This year's production target for colour TV sets is 2.7m units, up from 2.4m in 1979-80.

On Sony's plans to establish itself in the "more profitable" professional and institutional products market, Mr. Morita said that it was aimed to expand the non-consumer electronics proportion of sales from the present 15 per cent to 25 per cent in about five years' time.

The group plans to spend Y75bn on plant and equipment this year, against Y48bn in 1979-80, and to continue "similarly high levels of investment in the years ahead."

Multi-Purpose gains control of UMBC

By Wong Sulong in Kuala Lumpur

MULTI-PURPOSE Holdings, the fast-growing conglomerate controlled by Malaysian-Chinese politicians, has acquired control of United Malayan Banking Corporation (UMBC) Malaysia's third largest bank.

The group said the Foreign Investment Committee and the Capital Issues Committee had approved the deal. *Details* are to be released in a statement later this week.

Under the deal, Multi-Purpose has bought 51 per cent of the 45m ringgit issued capital of UMBC from Mr. Chang Ming Thien, the bank's non-executive vice-chairman. Mr. Chang, who once had executive control of the bank, is believed to hold 60 to 65 per cent of its issued capital and is expected to receive over 200m ringgit (US$89m) in cash

The other major shareholder in UMBC is the Government-owned Pernas group, which has 30 per cent and which provides the chairman and executive director to the bank.

Expansion for MUI

By Our Kuala Lumpur Correspondent

MALAYSIAN UNITED INDUSTRIES (MUI) is to buy two pieces of land for development, and is increasing its stake in Southern Banking.

It will buy a 75,600 sq ft plot at Ampang Road in Kuala Lumpur for a proposed 30-storey office block, and a 74,400 sq ft plot at Cantonment Road in Penang Island for another property project.

The Ampang purchase, from Heah Seok Yeong Realty, will be satisfied by a cash payment of 11.34m ringgit (US$ 5m), of which 1.02m ringgit had been paid as a deposit.

The Penang property has been purchased from Mr. Saw Bin Sit, for 6.25m ringgit to be satisfied through the issue of 625,000 MUI shares at 10 ringgit each. MUI will also buy from Mr. Saw and his family 464,000 shares (or 4.6 per cent) of Southern Banking at 4.2 ringgit each to be satisfied through the issue of 194,000 MUI shares.

This will increase MUI's stake to 32.7 per cent, making it the bank's largest shareholder.

SHK Properties offshoot in HK$672m share offer

BY ADRIAN BOVEN IN HONG KONG

SUN HUNG KAI Properties, one of Hong Kong's most active real estate companies, yesterday announced an HK$672m (US$127m) public offer of shares by an HK$2.8bn subsidiary newly created to concentrate on developments in Hong Kong's New Territories.

New Town (NT) Properties is to offer 240m shares at HK$2.80 each, or about 26 per cent of its issued capital. The shares will carry warrants to subscribe for one additional share each in the proportion of one warrant for every three shares, although the warrant price and final conversion date have yet to be fixed. The offer price represents a discount of about 10 per cent on the estimated net asset value of the shares.

At the same time, SHK Properties shareholders, who are on the books on February 20 will get a special dividend of three new shares and one warrant of New Town's (to subscribe for one share) for every ten shares they hold of SHK Properties. The special dividend will amount to about 12.8 per cent of the New Town issued capital and leave SHK Properties holding about 7 per cent, which it plans to retain as a long term investment.

All of New Town's property assets, except for a minority interest in one small development company, will be acquired from SHK Properties. Those assets include an HK$600m hotel that will be completed late this year; a 25 per cent interest in a centrally located commercial and residential complex in one of Hong Kong's new towns, and about HK$800m of development rights in the New Territories.

The share offer is a larger one than was expected when SHK Properties first revealed, on December 15, that it was considering floating a new company to hold the hotel. However, SHK Properties dropped 70 cents to HK$20.90 on the stock market yesterday, largely because speculators expecting the flotation had already put a premium on the stocks and decided to move out of it once the element of speculation was gone.

With the Chinese New Year holiday on February 5 and 6 out of the way, several other major developers are expected to announce similar quotations of property ventures.

Barclays National boosts profit

BY BERNARD SIMON IN JOHANNESBURG

BARCLAYS NATIONAL BANK, South Africa's largest banking group, in which Barclays Bank of the UK holds a 60 per cent stake, lifted after-tax profit to R76.4m ($99m) in the year to December 1980, compared with R62.6m in the previous 15 months. The increase was 52.9 per cent on an annualised basis.

Barclays has declared a final dividend of 26 cents a share, against 24 cents, bringing the total to 58 cents a share compared with 50 cents. Dividend cover has risen from 2.3 to 2.5.

Mr. Bob Aldworth, the managing director, said lending jumped by R845m last year, only slightly less than the R906m increase recorded in the previous three years. Consumer finance and leasing accounted for the bulk of the increase in 1978 and 1979, but the sharp upturn in overall business activity last year prompted a strong rise in commercial lending, accounting for £400m of the increase in 1980.

South Africa's overall growth rate is expected to fall during 1981, but Mr. Aldworth said that demand for credit was still good. He added that "the problem will be funding it."

Banks and other financial institutions have competed fiercely for funds in the past six months driving up deposit rates by record amounts. Lending rates have also started to rise (prime overdraft rates have moved up from 9.5 per cent to 11 per cent in the past fortnight), but it is unlikely that they will keep pace with the cost of banks' funds.

Mr. Aldworth said that Barclays was in a better position than some other banks regarding its funding. It was able to raise money relatively cheaply through its large branch network instead of relying on the money market.

Barclays' business during 1981 will be buoyed by its involvement in several large projects, including a R300m financing package for a new coal terminal at the Richards Bay harbour.

In terms of South African legislation, Barclays and other foreign-controlled banks must reduce their overseas shareholding to below 50 per cent by 1986. Mr. Aldworth said that the bank it still looking at ways of achieving this goal, and no immediate plans had been made for bringing the parent company's interest below its present 60 per cent.

There have been *rumours* that the Government has indicated that it would not strictly enforce the 1986 deadline, and a change in the law is possible before then.

Gulf aluminium group formed

BY MARY FRINGS IN BAHRAIN

INDUSTRY MINISTERS of six of the seven South Arab states signed an agreement in Bahrain on Monday, setting up the Gulf Aluminium Rolling Mill Company, with a capital of US$64m. The United Arab Emirates were not represented and are thought to be keeping *their options open.*

The probable share holding in the joint venture, for which feasibility studies have been carried out by Gulf Organisation for Industrial Consulting, will be 20 per cent each for Saudi Arabia, Bahrain, Kuwait and Iraq, and 10 per cent each for Qatar and Oman.

The capacity of the plant will be 40,000 tonnes a year and production is scheduled for late 1983. Projections for the consumption of semi-fabricated aluminium products in the Gulf are 240,000 tonnes of which sheet represents some 40 per cent.

Gulf International

Gulf International Bank is *expected to report a 1980 profit* of the order of $13m, not $20m as reported on February 3. In 1979, the bank showed a profit of $6.6m.

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar firm

Dollar was firm on increased tension in Poland as a result of the resignation of Prime Minister Jozef Pinkowski, and problems arising from the demand of Polish farmers to form an independent trade union. Germany's close geographical position to Poland increased the pressure on the D-mark, which has already suffered from recent depressing news about the German economy. The level of trading was restricted ahead of the holiday in the U.S. tomorrow for Lincoln's birthday.

Sterling showed little reaction to the UK banking figures indicating a rise of about 1 per cent in M3 money supply, while there was little expectation of a reduction in Bank of England Minimum Lending Rate this week.

European currencies weakened against the dollar, and although the D-mark came off its floor against the French franc within the EMS, the German currency replaced the Belgian franc as the second weakest member of the system.

DOLLAR — Trade-weighted index (Bank of England) rose to 99.4 from 99.1. The dollar was in demand for most of the day, finishing slightly off its best levels against most other currencies. It rose to DM 2.1480 from DM 2.1390 against the D-mark and to SwFr 1.9600 from SwFr 1.9400 in terms of the Swiss franc. The U.S. currency showed little change against the Japanese yen however, finishing at Y203.85 compared with Y203.80, after touching a peak of Y204.50.

STERLING — Trade-weighted index (Bank of England) rose to 104.2 from 104.1, after opening at 104.0 and remaining at 104.0 at noon. The pound opened at $2.3390-2.3400 and touched a high point of $2.3445-2.3455 in early trading. Dollar strength pushed sterling down to a low of $2.3340-2.3350 in the afternoon, before the pound closed at $2.2365-2.2275, a fall of 35 points on the day.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position and slower than expected economic growth rate. The recent rise of the U.S. dollar has prompted large intervention by the Bundesbank in the foreign exchange market, while tension in Poland remains a market factor.—The D-mark lost ground to the dollar and sterling at the Frankfurt fixing but showed mixed changes against other major currencies. Nervousness about Poland, following the resignation of the Prime Minister depressed the D-mark against the dollar, but there was no sign of intervention by the Bundesbank on the open market. The German central bank did not intervene at the fixing when the dollar rose to DM 2.1405 from DM 2.1365, after opening at DM 2.1250. During the afternoon the U.S. currency rose above DM 2.15, and sterling was also strong at DM 5.0250 compared with a fixing of DM 5.0040, and DM 4.9980 on Monday.

ITALIAN LIRA — Weakest member of the EMS and recently touching record lows against the dollar and sterling. Dollar strength has also increased concern over Italy's very weak balance of payments position, with many imports including oil settled in dollars.—The lira eased slightly against the French franc—strongest member of the EMS—at the Milan fixing, but gained ground against most other major European currencies. The D-mark fell to L473.70 from L473.90, and the Dutch guilder to L436.73 from L436.94. On the other hand the dollar rose to L1,014.20 from L1,013.05 at the fixing, and continued to advance in the afternoon. The pound was fixed at L2,371.90, compared with L2,368.30.

THE POUND SPOT AND FORWARD

Feb. 10	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3340-2.3455	2.3365-2.3375	0.50-0.60c dis	−2.82	2.20-2.30dis	−3.85
Canada	2.7860-2.8040	2.7975-2.7985	0.75-0.85c dis	−3.43	3.05-3.20dis	−4.47
Nethlnd.	5.41-5.46	5.43¾-5.44¾	2½-1½c pm	4.13	4⅞-3⅞ pm	3.21
Belgium	80.85-80.75	80.55-80.65	15-5c pm	1.49	15-5 pm	0.50
Denmark	15.32-15.42	15.40-15.41	¼ore pm-⅜ dis	—	1⅞-3⅞ dis	−0.75
Ireland	1.3375-1.3490	1.3470-1.3480	0.07-0.20p dis	−1.20	0.38-0.52dis	−1.33
W. Ger.	4.98-5.04	5.01¾-5.02¾	2½-1½pf pm	3.88	4½-3½ pm	3.09
Portugal	130.50-131.50	130.85-131.05	90c pm-35 dis	2.52	110pm-130dis	−0.30
Spain	198.70-199.10	198.88-198.98	25-75c dis	−3.02	180-270 dis	−4.82
Italy	2,368-2,376	2,373½-2,375½	4¾-6¾ lire dis	−2.90	26½-29½ dis	−4.72
Norway	12.61-12.68	12.66-12.67	2½-1¼ore pm	1.78	3-1 pm	0.63
France	11.51½-11.58½	11.55¾-11.56¾	3¾-2¾c pm	3.37	7½-6½ pm	2.42
Sweden	10.70-10.76	10.74½-10.75½	3-4ore dis	−3.91	12½-14½ dis	−5.02
Japan	472-480	476-477	2.20-1.95y pm	5.22	5.85-5.40 pm	4.64
Austria	35.35-35.60	35.52-35.67	16-13½gro pm	4.98	36-30 pm	3.71
Switz.	4.51½-4.57	4.55¾-4.56¾	3½-2½c pm	6.91	7½-6½ pm	5.81

Belgian rate is for convertible francs. Financial franc 80.95-81.05. Six-month forward dollar 4.60-4.70c dis, 12-month 7.15-7.35c dis.

CURRENCY MOVEMENTS

Feb. 10	Bank of England Index	Morgan Guaranty Changes%
Sterling	104.2	−23.0
U.S. dollar	99.4	−4.6
Canadian dollar	84.7	−18.6
Austrian schilling	113.7	+21.1
Belgian franc	107.9	+10.1
Danish kroner	89.6	−9.7
Deutsche mark	117.9	+36.7
Swiss franc	133.0	+72.6
Guilder	112.5	+16.0
French franc	86.8	−9.5
Lira	61.5	−53.3
Yen	148.0	+44.6

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.529750	0.52001
U.S. $	13	1.23882	1.21605
Canadian $	17.11	1.48299	1.45500
Austria Sch.	6¾	18.7409	18.3988
Belgium F.	12	42.4892	41.6708
Danish K.	11	8.12170	7.98863
D mark	7½	2.64674	2.59930
Guilder	8	2.87406	2.81819
French Fr.	9½	6.10243	5.98963
Lira	16½	1254.92	1231.55
Yen	7¼	252.472	247.587
Norwgn. Kr.	9	6.67105	6.54415
Spanish Pts.	8	106.300	105.364
Swedish Kr.	12	5.68829	5.57861
Swiss Fr.	3½	2.39897	2.35356
Greek Dr'ch.	—	—	61.5745

THE DOLLAR SPOT AND FORWARD

Feb. 10	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3340-2.3455	2.3365-2.3375	0.50-0.60c dis	−2.82	2.20-2.30dis	−3.85
Ireland†	1.7335-1.7465	1.7335-1.7355	0.20-0.30c dis	−1.73	1.00-1.10dis	−2.42
Canada	1.1970-1.1994	1.1985-1.1988	0.05-0.10c dis	−0.75	0.04-0.11dis	−0.25
Nethlnd.	2.3170-2.3320	2.3295-2.3310	1.49-1.39c pm	7.41	4.25-4.15 pm	7.21
Belgium	34.26-34.52	34.47-34.49	14½-13c pm	4.78	39-36 pm	4.35
Denmark	6.5565-6.6025	6.6000-6.6025	1.90-1.40ore pm	3.00	5.50-5.00 pm	3.18
W. Ger.	2.1200-2.1540	2.1475-2.1485	1.25-1.20pf pm	6.84	3.63-3.58 pm	6.71
Portugal	55.85-56.25	56.00-56.15	50c pm-par	5.34	100 pm-par	3.56
Spain	84.95-85.25	85.18-85.23	25c pm-par	1.76	10 pm-20dis	−0.23
Italy	1,011½-1,019	1,016½-1,017¼	½ lire pm-½ dis	—	2-3½ dis	−1.08
Norway	5.3920-5.4240	5.4170-5.4190	2.20-1.70ore pm	4.32	6.65-6.15 pm	4.72
France	4.9245-4.9640	4.9555-4.9575	2.63-2.53c pm	6.25	7.55-7.35 pm	6.01
Sweden	4.5795-4.6015	4.5985-4.6000	0.30-0.45ore dis	−0.98	1.30-1.45dis	−1.19
Japan	203.25-204.50	203.80-203.90	1.45-1.30y pm	8.09	4.30-4.15 pm	8.29
Austria	15.09-15.24½	15.20½-15.21½	10.30-9.70gro pm	7.89	30.00-28.00pm	7.63
Switz.	1.9280-1.9560	1.9495-1.9505	1.74-1.67c pm	10.49	4.90-4.82 pm	9.97

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

OTHER CURRENCIES

Feb. 10	£	$		£ Note Rates
Argentina Peso	5257-5277	2247-2257	Austria	35.20-35.60
Australia Dollar	2.0035-2.0075	0.8580-0.8585	Belgium	80.10-80.90
Brazil Cruzeiro	161.61-162.61	69.19-69.54	Denmark	15.25-15.40
Finland Markka	9.412-9.421	4.0396-4.0405	France	11.48-11.58
Greek Drachma	116.465-119.421	50.65-50.75	Germany	4.98-5.02
Hong Kong Dollar	12.354-12.3675	5.2870-5.2920	Italy	2420-2510
Iran Rial	173.95*	74.10*	Japan	475-481
Kuwait Dinar(KD)	0.635-0.641	0.2729-0.2731	Netherlands	5.40-5.45
Luxembourg Frc.	80.55-80.65	34.47-34.49	Norway	12.55-12.65
Malaysia Dollar	5.2540-5.2460	2.2400-2.2420	Portugal	128-138
New Zealand Dlr.	2.4745-2.4795	1.0595-1.0605	Spain	193¾-203
Saudi Arab. Riyal	7.76-7.82	3.3290-3.3310	Sweden	10.70-10.80
Singapore Dollar	4.8525-4.8635	2.0765-2.0785	Switzerland	4.51½-4.56
Sth African Rand	1.7890-1.7910	0.7655-0.7665	United States	2.33-2.35
U.A.E. Dirham	8.56-8.62	3.6710-3.6730	Yugoslavia	82¾-86

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.6790	+4.75	+0.91	±1.53
Danish Krone	7.72336	7.98847	+3.43	−0.41	±1.64
German D-Mark	2.48208	2.60191	+4.83	+0.99	±1.125
French Franc	5.84700	5.99831	+2.59	−1.25	±1.3557
Dutch Guilder	2.74362	2.82096	+2.82	−1.02	±1.512
Irish Punt	0.668201	0.697115	+4.33	+0.49	±1.668
Italian Lira	1157.79	1229.55	+6.20	+2.53	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 10	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.337	5.023	476.5	11.558	4.558	5.443	2375.	2.798	80.60
U.S. Dollar	0.428	1.	2.149	203.9	4.945	1.950	2.329	1016.	1.197	34.49
Deutschemark	0.199	0.465	1.	94.87	2.301	0.907	1.084	472.8	0.557	16.05
Japanese Yen 1,000	2.099	4.905	10.54	1000.	24.25	9.565	11.42	4983.	5.872	169.2
French Franc 10	0.865	2.022	4.346	412.3	10.	3.943	4.709	2055.	2.421	69.74
Swiss Franc	0.219	0.513	1.102	104.6	2.536	1.	1.194	521.0	0.614	17.69
Dutch Guilder	0.184	0.429	0.923	87.55	2.124	0.837	1.	436.3	0.514	14.81
Italian Lira 1,000	0.421	0.984	2.115	200.7	4.867	1.919	2.292	1000.	1.178	33.94
Canadian Dollar	0.357	0.836	1.795	170.3	4.131	1.629	1.945	848.6	1.	28.81
Belgian Franc 100	1.241	2.900	6.231	591.2	14.34	5.654	6.752	2946.	3.471	100.

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 10)

3 months U.S. dollars		6 months U.S. dollars	
bid 17	offer 17 1/8	bid 16 7/8	offer 17

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅝-14⅞	16⅞-17⅛	18-19	9⅛-9⅜	3½-4	8½-8¾	10½-10¾	15-17	11-11½	8⅜-8⅝
7 days' notice	14¼-14½	16⅞-17⅛	18-19	9⅛-9⅜	3¾-4¼	9⅛-9½	10½-10¾	15⅝-17⅜	11¾-12	8⅜-8⅝
Month	14¼-14⅜	17-17¼	18-18½	9⅜-9⅞	6-6⅛	9¾-9⅞	10¼-10½	16⅞-17⅞	12⅛-12⅜	8¼-8½
Three months	13⅞-13⅞	16⅞-17⅛	17⅜-17¾	9⅜-9⅝	6⅜-6¾	9⅞-10⅛	10⅝-10⅞	17¾-18¾	12⅛-12⅜	8¼-8½
Six months	12⅞-12⅞	16⅞-17⅛	16¼-16⅞	9⅝-9¾	6⅛-6⅜	9⅞-10⅛	11⅛-11⅜	18½-19½	12⅞-13	8¼-8½
One Year	12⅛-12⅜	15⅞-16⅛	15⅛-15⅞	9⅜-9⅝	5⅞-6⅛	9⅞-10	12½-12¾	18½-19½	13-13½	8⅜-8⅝

SDR linked deposits: one-month 13⅝-13⅞ per cent; three-months 13⅝-13⅞ per cent; six-months 13⅝-13⅞ per cent; one year 12⅞-13⅛ per cent.

Asian $ (closing rates in Singapore) one-month 17⅛-17⅜ per cent; three-months 17-17¼ per cent; six-months 16⅞-17 per cent; one year 15⅞-16⅛ per cent. Long-term Eurodollars two years 15¼-15⅝ per cent; three years 15¼-15⅝ per cent; four years 15-15½ per cent; five years 14⅞-14⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.20-17.30 per cent; three-months 17.10-17.20 per cent; six-months 16.60-16.70 per cent; one year 15.70-15.80 per cent.

INTERNATIONAL MONEY MARKET

German rates mixed

Interbank money rates showed mixed changes in Frankfurt yesterday, with call money and one-month funds both easier, while longer term rates were generally firmer. Call money was quoted at 9.25 per cent, down from 9.275 per cent on Monday, and the one-month rate dipped to 9.15 per cent from 9.275 per cent. Three-month money rose however to 9.975 per cent from 9.85 per cent. Despite the slight fall in short term money rates, liquidity levels remained low, with banks relying heavily on their lombard borrowing facility. The latter was estimated to have totalled around DM 12.5bn late on Monday, up from just under DM 7.5bn on Friday, giving rise to speculation that the Bundesbank was considering imposing a ceiling on borrowings through the lombard facility. Rumours yesterday included the imposition of a ceiling level on each bank of 50 per cent of its rediscount quota.

In Brussels the Belgian National Bank announced an increase in four-month bond fund paper rates by 0.25 per cent to 12.60 per cent. This follows Monday's move by the authorities to increase rates on two and three-month Treasury bills.

In Paris call money fell back from Monday's four week high of 10⅞ per cent to 10⅝ per cent, while longer term rates were unchanged.

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised purchases of a small amount of Treasury bills and local authority bills, and a moderate amount of commercial bank bills, all direct from discount houses. The latter were paying around 13¾ per cent for secured call loans at the start, with later balances taken at 13-13½ per cent. The market was faced with a moderate excess of revenue transfers to the Exchequer over Government disbursements and bank balances brought forward a small way below target. There were no appreciable net factors in the markets favour.

In the interbank market overnight loans opened at 14¼-14⅜ per cent and rose to 14¾-15 per cent after lunch before falling away to 13-13½ per cent at the close. Period rates showed little reaction to yesterday's banking figures, the latter being received quite favourably.

GOLD

Slight fall

Gold fell $2 to $513-516 in nervous trading in the London bullion market, reflecting the mounting political and labour tension in Poland. The metal opened at $516-519, and was fixed at $517.75 in the morning and $519.50 in the afternoon. It touched a peak of $519-522, and finished around the low level of the day.

In Paris the 12½-kilo gold bar was fixed at FFr 89,850 per kilo ($566.06 per ounce) in the afternoon, compared with FFr 89,850 ($568.47 per ounce) in the morning, and FFr 89,700 ($566.38) Monday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 35,630 per kilo ($519.01 per ounce), against DM 35,470 ($516.51) previously, and finished at $518-521 compared with $512-515.

In Zurich gold closed at $518-$521 against $511-514.

	Feb. 10		Feb. 9	
Gold Bullion (fine ounce)				
Close	$513-516	(£219½-220¾)	$515-518	(£219¾-221)
Opening	$516-519	(£220-221¼)	$515-518	(£220⅜-221⅝)
Morning fixing	$517.75	(£221.213)	$516	(£220.180)
Afternoon fixing	$519.50	(£222.294)	$512.50	(£219.298)
Gold Coins				
Krugerrand	$531-533	(£227¼-228)	$533-535	(£227½-228½)
1/2 Krugerrand	$274-278	(£117¼-119)	$273-277	(£116½-118¼)
1/4 Krugerrand	$139-143	(£59½-61¼)	$139-143	(£59¼-61)
1/10 Krugerrand	$58½-60½	(£24-25¾)	$58-62	(£24¾-26½)
Mapleleaf	$526-538	(£225¼-225)	$531-533	(£225¾-227½)
New Sovereigns	$130-131	(£55½-56)	$130½-131½	(£55¾-56¼)
King Sovereigns	$153-155	(£65½-66½)	$152-154	(£64¾-65¾)
Victoria Sovs.	$153-155	(£65½-66½)	$152-154	(£64¾-65¾)
French 20s	$170-173	(£72¾-74)	$168-172	(£72¼-73½)
50 pesos Mexico	$640-645	(£274-276)	$638-643	(£272½-274½)
100 Cor. Austria	$500-505	(£214-216)	$500-505	(£213½-215¾)
$20 Eagles	$642-647	(£274¾-277)	$645-650	(£275½-277½)

LONDON MONEY RATES

Feb. 10 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-15	14-14⅛	—	—	14⅝-14¾	13-14	—	—	—
2 days notice	—	—	14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14¼-14½	14¼	—	14⅛	14⅝-14¾	13⅞-14	—	—	—
One month	14¼-14⅛	14⅛-14⅜	14⅞-14¼	15¼-14⅞	14½	14½-14⅝	13⅞-14	12¼-12⅜	13⅜	14⅛
Two months	13⅝-13⅛	13¾-13⅝	—	14¼-13⅞	14⅛	14¼	13¼-13⅜	12⅛	13¼-13⅛	13⅞
Three months	13⅜-13¼	13⅜-13¼	13¼-13⅜	13⅝-13⅜	13⅛	13¾-13⅞	12⅝	12⅛-12⅛	12⅜	13¼
Six months	12⅝-12⅝	12¾-12⅞	12⅜-12¾	13-12¾	13⅛	13⅛	—	—	11⅞	12⅛
Nine months	12⅛-12⅜	12⅝-12⅜	—	13-12⅝	13	13	—	—	—	—
One year	12⅝-12½	12½-12⅛	12½-12⅝	12⅞-12⅝	12⅛	13	—	—	—	—
Two years	—	—	12⅞-13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13 per cent; four years 13¼-13½ per cent; five years 13½-13¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝-12⅞ per cent; four-month trade bills 12¾ per cent.

Approximate selling rate for one-month Treasury bills 12⅞ per cent; two-months 12⅞-12⅝ per cent; three months 12⅝-12⅞ per cent. Approximate selling rate for one-month bank bills 13⅞ per cent; two-months 13⅞ per cent; three-months 12⅞ per cent; one-month trade bills 14¼ per cent; two-months 13¾ per cent and three-months 13 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from February 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.4168 per cent.

MONEY RATES

NEW YORK	
Prime Rate	19-19½
Fed. Fund	15¾-16¼
Treasury Bills (13-week)	15.45
Treasury Bills (26-week)	14.57
GERMANY	
Discount Rate	7.5
Overnight Rate	9.25
One month	9.15
Three months	9.975
Six months	10.05
FRANCE	
Discount Rate	9.5
Overnight Rate	10.8125
One month	10.5375
Three months	11.5625
Six months	12.1875
JAPAN	
Discount Rate	7.25
Call (Unconditional)	8.9375
Bill Discount (three-month)	8.65625

COMPANY NOTICE

GAZ DE FRANCE

National Service
Public Corporation of the French State (law on nationalization of Electricity and Gas of April 8th, 1946)

Registered Office:
23, rue Philibert Delorme—PARIS (17ème)

9% BONDS 1970-1985 OF USD 1.000

NUMERICAL LIST

1°) of the series — including, with the previous repurchases, the 1,231 bonds drawn by lot on January 27, 1981 (eleventh drawing) making up, with the 99 repurchased bonds, the totality of the nominal amount USD 1,330,000 to be redeemed on March 15, 1981:
13,724 to 13,817
15,148 to 16,383

2°) of the series previously drawn by lot among which are bonds not yet presented for the repayment:
Drawing of January 25, 1978—Reimbursement March 15, 1978
690 to 2,035
Drawing of January 25, 1979—Reimbursement March 15, 1979
4,546 to 5,903
Drawing of January 24, 1980—Reimbursement March 15, 1980
2,036 to 2,715
4,047 to 4,536
5,904 to 5,928

These bonds will be redeemed at USD 1,000 at the office of the Chase Manhattan Bank in New York and the offices of the following banks:
— Banque Nationale de Paris, Paris
— Societe Generale, Paris
— Credit Commercial de France, Paris
— Deutsche Bank AG, Francfort-sur-le-Main
— Banque Bruxelles Lambert, Bruxelles
— Societe Generale de Banque SA, Bruxelles
— Banca Nazionale del Lavoro, Rome
— Credit Lyonnais, Agence de Luxembourg, Luxembourg
— Societe Generale Alsacienne de Banque, Luxembourg
— Amsterdam Rotterdam Bank NV, Amsterdam
— Credit Lyonnais, Paris
— Banque de Paris et des Pays-Bas, Paris
— Commerzbank AG, Dusseldorf
— Dresdner Bank AG, Francfort-sur-le-Main
— Kredietbank NV, Bruxelles
— Banca Commerciale Italiana, Milan
— Kredietbank SA Luxembourgeoise, Luxembourg
— Banque Generale du Luxembourg SA, Luxembourg
— Algemene Bank Nederland NV, Amsterdam
— Barclays Bank Ltd., Londres
Outstanding amount USD 5,370,000.

PUBLIC NOTICES

WEST YORKSHIRE METROPOLITAN COUNTY COUNCIL
£15m 91-day Bills issued 11th February, 1981 due 13th May, 1981 at 12⅝%. Applications totalled £85m. No other Bills outstanding.

STRATHCLYDE REGIONAL COUNCIL
£9m Bills issued today due 13.5.81 @ 12.29/64%. Total applications £44m. Outstanding £33m.

LECTURES

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WORLD STOCK MARKETS

NEW YORK

Early drifting on Wall Street

WITH INVESTORS for the most part remaining on the sidelines awaiting President Reagan's fiscal package, Wall Street drifted easier in slow trading yesterday *morning, before* rallying a little around mid-session.

Analysts said that until the package is unveiled, or leaked, and Congressional reaction is assessed, the market is likely to trade in a narrow range. The Reagan plan is due on February 18.

Citibank held its Prime Rate unchanged at 19½ per cent yesterday morning even though Morgan Guaranty Trust cut its Prime to 19 per cent from 19½ on Monday. No major bank had followed Morgan.

The Dow Jones Industrial Average was 3.49 lower at 11.00 am, but rallied to 949.06 at 1 pm, up 1.88 on the overnight level. The NYSE All Common Index was unchanged on balance at $74.05, after touching $73.72, although falls still outpaced rises at mid-session by a three-to-two margin. Turnover amounted to 28.89m shares, against Monday's 1 pm level of 26.04m.

Volume leader **Whirlpool** lost ⅛ to $19¼. A block of 327,000 shares were traded at $19¼.

Motors and Base Metals were mostly weak, while Chemicals and Precious Metals were mixed.

Sony forecast a 15 per cent rise in 1981 sales and added ⅛ to $15¼. **Prime Computer** said its margins will be under pressure and shed $2 to $32 before a trading halt. **Honeywell** added 1⅛ to $103¼ but **IBM** eased ½ to $63¾.

Occidental Petroleum slipped ¼ to $30¼. It reported lower fourth-quarter net profits and cited lower oil and gas division profits.

THE AMERICAN SE Market Value Index was off 0.17 at 346.42 at 1 pm. Volume 2.89m shares (3.18m).

Volume leader **Gulf Canada** slipped ¼ to $22¾ and active **Commodore International** 1⅛ to $36¾. **Paradyne** shed $1 to $32½ despite fourth-quarter net earnings up 50 per cent.

Active **Houston Oil** picked up ⅜ to $49¼ on reporting improved fourth-quarter profits.

Closing prices for North America were not available for this edition.

Canada

Markets presented a mixed appearance at noon, with the Toronto Composite index up a *marginal 0.5 at 2,252.9. Golds* rose 75.7 more to 4,370.9 but Oil and Gas declined 16.6 to 4,511.9.

Alberta Energy, which reported higher earnings, gained ⅜ to C$25⅞. **Nowsco Well** rose ⅜ to C$26¼ on news of a dividend increase.

Tokyo

Selective bargain hunting left the market firmer-inclined, although trading remained slow ahead of today's closure for the National Foundation Day holiday.

The Nikkei-Dow Jones Average recovered 21.63 to 7,261.58 and the Tokyo S.E. index 1.40 to 507.35. Gains outscored declining issues on the First Market section by 384 to 280 after volume of 250m shares (230m).

Light Electricals and Precision Instruments picked up strongly after recent profit-taking. **Pioneer Electronic** advanced Y70 to Y2,850, **TDK Electronic** Y80 to Y3,650, **Victor** Y100 to Y2,500, **Canon** Y15 to Y823 and **Fuji Photo Film** Y20 to Y955.

Coals and Non-ferrous Metals *continued to rise,* reflecting Polish political unrest. **Matsushima Colliery** climbing Y22 to Y492.

Machine Tools, Constructions, Cements, Motors and Motor components also tended to improve. **Okuma Machinery** rose Y29 *on foreign* buying to a record Y940.

Australia

Markets further strengthened across a broad front, partly on overseas demand, with buyers encouraged by the run of good news from the oil drilling rigs and by the sharp rally in world Gold Bullion prices.

The dealers gave the Oils and Golds a strong run in the first *session and then switched* to top-line Resources stocks such as **BHP, CSR, Peko-Wallsend, Western Mining** and **MIM**.

With oil and gas shows putting the share market back on the front pages, the smaller institutions and professional investors were said to have come to the conclusion that they had better move now or be left at the post.

The Australian All Ordinaries index recouped 11.9 more at 670.2 and Metals and Minerals rose 11.5 to 619.1, while the Oil and Gas index, despite later profit-taking eroding some gains, ended *34.9* higher at *921.4*.

Santos, whose Strzelecki No. 4 well (not No. 3 as reported the previous day) scored the largest ever on-shore oil flow in Australian oil drilling history, rose afresh to A$19.20 in early dealings, before profit-takers moved in to leave the shares only a net 20 cents higher at A$18.70. **Vamgas**, with a 7 per cent interest, added 80 cents at A$7.80. **Crusader**, another partner, lost best part of an initial rise to end just 10 cents firmer at A$6.50.

Strata Oil moved up *30* cents to A$4.30, **Weeks Petroleum** 66 cents to A$8.50, **Bridge Oil** 20 cents to A$6.00 and **Woodside Petroleum** 17 cents to A$2.79.

Beach Petroleum, with a good gas show in Western Victoria, advanced, and **Western Resources**, with a new commercial oil well in the Perth Basin, also moved ahead.

BHP rose 40 cents to A$14.30, as did **CSR** to A$6.80; **Western Mining** 20 cents to A$5.00 and **MIM** 10 cents to A$4.15.

Among Golds, **Kitchener** gained 50 cents to A$4.70, **Poseidon** 20 cents to A$4.85, **GMK** 50 cents to A$7.50 and **Central Norseman** 10 cents to A$7.50.

Speculative traders found time to range around the Industrials boards looking for potential bid targets and included major concern **Carlton United** in this category, the shares advancing 20 cents to A$2.32.

Germany

Shares were showing signs of stabilising yesterday in quiet trading after the recent slide, with selective foreign buying by bargain hunters leaving a rather mixed picture at the close. The Commerzbank index picked up a slight 0.2 from Monday's 1980-1981 low to close at 665.5.

Banks and Chemicals attracted some of the interest, with **Deutsche Bank** rallying DM 1.90, **Dresdner Bank** 50 pfennigs and **Bayer** DM 1.60. Elsewhere, **Preussag** stood out with a rise of DM 4.50.

The *Domestic Bond Market* further weakened, with Public Authority paper off by as much as a full point and 10 per cent yields extending to four-year paper and one five-year issue. The Bundesbank nonetheless sold DM 1.6m of stock.

Paris

Bourse prices were mostly lower in thin trading, but Foods provided a firm sector. Market commentators said the decline observed on Wall Street overnight and the clouds gathering over the situation in Poland were behind the reticence of operators.

Hong Kong

Stock prices mainly closed lower again after some fresh profit-taking halted an early rise. The Hang Seng index lost 12.99 more to 1,622.15, while fairly quiet trading conditions left total turnover on the four exchanges at HK$379.49m, down from Monday's HK$428.45m.

Johannesburg

Gold shares generally recorded fresh gains, although many finished below the day's best, later trading unsettled by uncertainty over the short-term outlook for the Bullion price.

Indices

NEW YORK —DOW JONES

	Feb. 9	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Feb. 2	1980/81 High	1980/81 Low	Since C'mpil't'n High	Since C'mpil't'n Low
♦Industr'ls	947.18	962.30	946.76	941.98	941.38	932.25	1004.69 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	65.87	65.83	65.82	65.52	65.67	65.91	76.61 (25/6)	60.96 (18/12)	—	—
Transport.	402.54	408.64	404.70	400.32	396.56	392.70	425.68 (28/11)	233.99 (27/3)	425.68 (28/11/80)	12.23 (8/7/32)
Utilities	111.87	112.20	111.29	110.81	111.21	111.50	117.81 (6/1/81)	95.04 (27/3)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's†	38,360	46,820	45,320	45,520	45,850	44,070	—	—	—	—

♦Day's high 958.53 low 943.26

	Feb. 6	Jan. 30	Jan. 23	Year ago (Approx)
Ind. div. yield %	5.75	5.75	5.79	5.60

STANDARD AND POORS

	Feb. 9	Feb. 6	Feb. 5	Feb. 4	Feb. 3	Feb. 2	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	146.56	148.13	146.92	145.68	145.56	143.73	160.96 (28/11)	111.09 (27/7)	160.96 (28/11/80)	3.52 (30/6/32)
§Composite	129.27	130.60	129.65	128.59	128.46	126.91	140.52 (28/11)	98.22 (6/2/80)	140.52 (28/11/80)	4.40 (1/6/32)

	Feb. 4	Jan. 28	Jan. 21	Year ago (approx)
Ind. div. yield %	4.70	4.57	4.53	4.92
Ind. P/E Ratio	9.09	9.23	9.30	8.22
Long Gov. Bond Yield	12.32	12.11	12.13	11.88

N.Y.S.E. ALL COMMON

Feb. 9	Feb. 6	Feb. 5	Feb. 4	1980/81 High	1980/81 Low
74.05	74.83	74.31	73.64	81.02 (28/11)	55.30 (22/1/80)

Rises and Falls	Feb. 9	Feb. 6	Feb. 5
Issues Traded	1,897	1,864	1,885
Rises	576	922	1,082
Falls	927	601	443
Unchanged	394	341	360
New Highs	39	41	43
New Lows	10	4	7

MONTREAL

	Feb. 9	Feb. 6	Feb. 5	Feb. 4	1980/81 High	1980/81 Low
Industrials	374.08	374.18	368.24	365.77	423.80 (29/2/80)	323.31 (27/3)
Combined	356.51	355.16	350.94	348.65	378.96 (20/10)	296.90 (27/3)
TORONTO Composite	2252.4	2249.7	2232.0	2214.5	2462.2 (28/11)	1702.6 (27/5)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
UAL	754,400	22⅞	−⅛	Texaco	366,900	39½	−⅛
Contl. Air Lines	739,500	11⅞	+⅛	Bankamerica	351,100	27	+⅛
Boeing	536,500	36	−1	Mobil	350,200	70½	−1½
Std. Oil Indiana	506,500	66¾	−2½	Sony	323,000	15	−⅛
Amer. Airlines	4[illegible] 600	11[illegible]	−⅛	Phillips Pe.	[illegible]	[illegible]	−2¼

	Feb. 10	Feb. 9	Feb. 6	Feb. 5	1980/81 High	1980/81 Low
AUSTRALIA						
All Ord. (1/1/80)	670.2	658.3	651.3	650.1	746.2 (17/11)	509.1 (5/1/80)
Metal & Minrls. (1/1/80)	619.1	607.6	602.8	599.5	618.0 (17/11)	492.5 (28/5)
AUSTRIA						
Credit Aktien (2/1/62)	64.57	64.27	64.52	64.51	69.40 (7/1/80)	64.27 (9/2/81)
BELGIUM						
Belgian SE (31/12/63)	82.72	82.92	83.59	83.45	105.75 (11/2/80)	82.42 (7/1/81)
DENMARK						
Copenhagen SE (1/1/73)	105.22	101.79	101.43	101.05	105.22 (10/2/81)	74.78 (5/6)
FRANCE						
CAC General (29/12/61)	107.2	107.8	107.5	105.8	120.3 (5/11)	97.1 (5/1/80)
Ind Tendance (31/12/80)	98.9	99.5	99.7	98.9	100.0 (31/12/80)	95.4 (27/1/81)
GERMANY						
FAZ-Aktien (31/12/58)	215.96	216.88	217.32	218.91	238.69 (25/2/80)	212.73 (28/3)
Commerzbank (Dec. 1953)	665.8	665.6	671.4	675.7	749.2 (25/2/80)	666.6 (9/2/81)
HOLLAND						
ANP-CBS General (1970)	89.7	90.0	89.5	88.3	90.0 (9/2/81)	74.8 (27/3)
ANP-CBS Indust. (1970)	66.7	67.4	67.3	65.9	68.2 (11/1/80)	58.2 (29/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1622.15	1635.14	(c)	(c)	1654.57 (15/11)	738.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	211.95	211.19	208.27	206.84	211.95 (10/2/81)	65.11 (2/1/80)
JAPAN						
Dow Average (16/5/49)	7261.58	7259.90	7264.11	7278.44	7322.06 (2/2/81)	6475.93 (27/3)
Tokyo New SE (4/1/68)	507.35	505.95	508.34	506.99	511.94 (2/2/81)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	116.56	117.32	117.15	116.88	144.70 (14/2/80)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	764.36	770.94	(c)	(c)	770.94 (9/2/81)	429.75 (3/1/80)
SOUTH AFRICA						
Gold (1958)	(u)	530.1	519.9	505.3	1026.1 (22/9)	486.5 (18/5)
Industrial (1958)	(u)	550.2	543.6	541.4	680.5 (5/11)	456.8 (2/1/80)
SPAIN						
Madrid SE (30/12/80)	110.55	(c)	109.97	109.20	110.55 (10/2/81)	100.0 (30/12/80)
SWEDEN						
Jacobson & P. (1/1/58)	444.59	447.82	450.5	440.27	450.5 (6/2/81)	334.72 (17/1/80)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	291.9	292.3	291.9	291.1	317.9 (11/2/80)	275.0 (28/5)
WORLD						
Capital Intl. (1/1/70)	—	154.2	154.9	154.7	164.8 (28/11)	120.5 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

CANADA

Stock	Feb. 9	Feb. 6
Abitibi	24⅞	25
Agnico Eagle	15	14⅞
Alcan Alumin	40¼	40¼
Algoma Steel	43	42¾
Asbestos	29½	29¼
Bk Montreal	31⅞	31¾
Bk Nova Scotia	33¼	33¼

BELGIUM (continued)

Feb. 10	Price Frs.	+ or —
Petrofina	4,980	−10
Royale Belge	4,180	−20
Soc Gen Banq.	2,165	−10
Soc Gen Belge	1,320	+20
Sofina	2,560	−15
Solvay	2,305	+5
Traction Elect.	2,080	−10
UCB	998	+14

HOLLAND

Feb. 10	Price Fls.	+ or —
ACF Holding	79	+1
Ahold	72	−0.5
AKZO	17.3	−0.1
ABN	285	+2
AMEV	96.5	+0.1
AMRO	56.4	−0.5
Bredero Cert.	215	−1
Bos Kalis	82.7	−1.8

AUSTRALIA

Feb. 10	Price Aust. $	+ or —
ANZ Group	4.50	+0.12
Acrow Aust	1.05	
Allstate Expl	1.40	+0.05
Ampol Pet	1.73	+0.01
Assoc. Pulp Pap.	2.27	+0.02
Aud'mco	0.26	+0.01
Aust. Cons. Ind.	2.14	−0.01
Aust. Guarant.	1.45	
Aust. Nat. Inds.	3.25	+0.15

JAPAN (continued)

Feb. 10	Price Yen	+ or —
Kubota	357	
Kumagai	392	+7
Kyoto Ceramic	5,350	
Lion	484	+1
Maeda Cons.	537	+22
Makita	980	+2
Marubeni	367	−1
Marudai	775	−3
Marui	850	+23

COMMODITIES AND AGRICULTURE

Slide in sugar market

By Our Commodities Staff

WORLD SUGAR values continued downwards on the London futures market yesterday with the May position ending £8 lower at £292.25 a tonne. The fall was a continuation of the setback which began on Monday after a £45 rally had lifted the May quotation to £305 a tonne in less than two days.

The rally had been mainly due to rumours last week of substantial Soviet buying but these remain unconfirmed and there has been little follow-through on the market. Dealers said yesterday's decline was also influenced by reports of increased crops in Honduras, Guatemala, Colombia and Argentina.

In New Delhi meanwhile local traders said the Indian Government was having difficulty buying sugar on the domestic market to repay 180,000 tonnes imported last year, reports Reuter.

Manufacturers were asking too much, the traders said, and the Government-owned State Trading Corporation had rejected offers totalling 155,000 tonnes at two buying tenders. The Corporation is now negotiating with individual manufacturers.

India is obliged to repay the sugar to a London merchant under the terms of a contract signed last summer when India was short of sugar.

Tea exports below target

INDIAN TEA exports during the current financial year are likely to reach 235m kilos as against a target of 240m. However the tea industry said that the target could have been achieved but for the recent trouble at Calcutta tea warehouses.

In order to promote tea exports on a more systematic and vigorous footing the government of India has set up two separate panels, one for bulk tea and the other for value added categories.

Internal consumption of Indian tea during 1980 is estimated at 340m kilos which is only marginally higher than 337m kilos in the previous year and showed a growth rate much below the average during the shortages. High prices of sugar ruling in Indian markets are mainly responsible for this slow growth in domestic consumption.

London oil futures market launched

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON'S FIRST oil futures market was formally launched yesterday, with the announcement that a gas oil futures contract is to start trading on April 6.

The launching coincided with the news that the New York heating oil futures market on Monday night traded a record turnover of 6,000 lots (6m barrels) emphasizing the growing interest in this new commodity in the futures markets.

There is great confidence in London that the International Petroleum Exchange will meet with similar success. Robin Woodhead, chairman of the exchange, claimed that the break-up of the established pattern of oil trading which took place during the 1970s has created the need for price insurance, provided by a futures market. He added that London as the centre of world trading in oil, and other international commodity markets, had special advantages for an oil futures contract.

Mr. Woodhead said that although the concept of futures trading was new to the European oil trade, they had been closely involved in the development of the International Petroleum Exchange.

Some big oil companies are already known to use the New York market for hedging against price fluctuations, and Mr. Woodhead believes the London contract could be even more useful as an international market.

However, the main appeal of the oil futures market will be to the independents, trading through the Rotterdam spot market, who are estimated to account for anything from 5 per cent to 20 per cent of total world oil trade.

Mr. Woodhead emphasised that the London futures contract would be complementary to the Rotterdam trading, providing protection against the price risks involved in physical oil trading.

He also viewed the London and New York markets as complementary, with New York in a later time-zone serving basically the U.S. domestic market, while London will cater for European and Arab traders, with physical delivery points in the ARA (Amsterdam, Rotterdam and Antwerp) area.

Gas oil has been chosen for the initial futures contract because it is freely traded, with large volume going to a wide sector ranging from factories, to public service and domestic heating, as well as diesel fuel and chemical feedstocks. It is planned, however, to introduce futures contracts for other oil products, and possibly even crude oil, if the gas oil market proves a success.

Trading floor of the new gas oil market will be on the refurbished premises of the former coffee market at the Corn Exchange, Mark Lane, together with other "soft" (non-metal) markets. It will come under the aegis of the London Commodity Exchange and use the same clearing system provided by the International Commodities Clearing House.

It will be, like other commodity futures, an "open outcry" market, trading in lots of 100 tonnes each priced in U.S. dollars with a minimum fluctuation of 25 cents a tonne. Current value per lot is around $30,000.

Following the pattern of cocoa futures, it will have a pre-fluctuation limit of $30 a tonne, either up or down, compared with the previous day's close, when the market will close for half an hour before trading is permitted to resume.

Trading hours will be 9.30 to 12.20 and 2.45 to 5.10 each weekday. Initially trading will be up to nine months ahead, on a monthly basis, with the first contract month likely to be May or June 1981.

Farmers plan appeal to PM

BY RICHARD MOONEY

NATIONAL FARMERS' Union president Mr. Richard Butler agreed yesterday to go over the head of Mr. Peter Walker, Agriculture Minister, and appeal direct to the Prime Minister for Government action to ease the worsening financial situation in British farming.

He was responding to a call at the union's annual meeting in London by Dorset farmer Mr. Raymond Bere. "Mrs. Thatcher is running the country," said Mr. Bere, "and she seems pretty ill-informed on the farming situation." He called on Mr. Butler to seek a meeting with Mrs. Thatcher to explain the industry's problems.

The NFU chief said he would arrange for a message to be sent from the meeting to Downing Street stressing the gravity of the problems facing farmers.

Another Dorset member, Mr. Donald Wilkinson, thought Mr. Butler should also go direct to the Chancellor of the Exchequer to demand a cut in interest rates, which he said were crippling farmers. A Durham farmer told the meeting growing indebtedness had inflicted on young farmers "scars" which would not heal for years to come.

In his opening address Mr. Butler reminded the union that Government figures showed farmers' incomes fell by 10 per cent in money terms in 1980 and by 24 per cent in real terms while bank borrowing rose 30 per cent above the 1979 level. He said farmers were borrowing to keep going, not for new investment.

Investment in plant, machinery and vehicles fell by 23 per cent last year, he noted.

"The Government must forthwith take the special action which is needed to restore our competitive position against our European counterparts," Mr. Butler declared.

"Interest rates must be reduced, if necessary on a selective basis for agriculture and horticulture. The same applies to the National Insurance surcharge." He called also for a substantial increase in EEC common farm prices and for the Government to increase aids to British agriculture to levels matching those given by other EEC governments.

It was "absolutely fundamental and vital," he added, that there be no revaluation of the Green Pound. This is the artificial fixed exchange rate used to translate EEC farm prices into sterling. A revaluation would reduce import levies on certain foods but would also cut farmers' incomes.

Support for Common Fund urged

GENEVA — So far only 24 countries have signed the UN agreement to set up an international commodity fund to finance buffer stocks of commodity pacts, according to a senior official of the UN Conference on Trade and Development (Unctad).

The agreement, which opened for signature last October, must be ratified by at least 90 countries representing two-thirds of its directly contributed capital of $470m before the fund can start work.

Mr. Alister McIntyre, commodities chief of UNCTAD, said the 24 countries which have signed account for 47 per cent of the direct cash contributions.

The 24 include the U.S., Canada, China and Japan, but none of the Soviet bloc countries.

Mr. McIntyre told an 80-nation meeting on the Common Fund it was important to sign the agreement as soon as possible. The meeting will discuss how commodity organisations would use the fund's first account to improve their credit rating on capital markets to obtain loans for stocking arrangements.

No country has yet ratified the agreement but UNCTAD envisages the fund could start operating early next year.

UNCTAD said the following countries have so far signed the common fund agreement — Indonesia, Netherlands, Ecuador, Denmark, Finland, Norway, Sweden, France, U.S., China, Japan, Venezuela, Malaysia, Haiti, Italy, Britain, Mexico, Bangladesh, ... Luxembourg, Canada, Sri Lanka, Portugal, Morocco and Zambia.

Reuter

Base metals lower

By Our Commodities Staff

OVERNIGHT FALLS in the U.S. and the decline in gold combined to push base metals prices lower on the London Metal Exchange yesterday.

The biggest fall was in copper which lost all of Monday's advance. Cash copper wirebars closed £17.5 down at £777.5 a tonne.

Cash tin closed £46 down at £5,904 a tonne, cash lead £3 down at £296.5 a tonne and cash zinc £2.25 down at £315.75 a tonne.

ATLANTIC FISHING

Day of reckoning for the salmon

BY A CORRESPONDENT

BOOKMAKERS would not give much for the survival chances of the Atlantic salmon. Although the findings of the scientific team sent to Greenland by the Atlantic Salmon Trust and the International Atlantic Salmon Foundation reported that the Greenland salmon quota of 1,190 tons was being strictly adhered to, concern was expressed that Greenland's newly-acquired independence from Denmark might result in an increased quota.

The salmon winters off Greenland's western coast, feeding off the rich capelin and shrimp stocks before returning to spawn in home rivers in Europe and North America.

The present quota was agreed by Canada and the EEC. The research team suggested Greenland be paid a grazing fee by salmon-producing countries, and that a flexible quota be decided on the basis of annual stock assessments.

An ignorance in Greenland of conservation as theory or in practice, and lack of knowledge about the life-cycle of the salmon, coupled with a free-wheeling, inexperienced Greenland Government striving to assert its independence, could create a difficult situation.

The report suggests this can be helped by exchange visits and information programmes. But Greenland's population of 50,000 lives principally off its fisheries; reaching agreement may prove awkward.

The UN Law of the Sea Convention decided that salmon belong to the parent river but salmon-producing countries are going to have increasing trouble convincing fishermen of this, not least the Faroe Islanders who increased their catch this year from 50 to 700 tons, and are reported to be planning to double it next year.

When Denmark joined the EEC the Faroes stepped aside, and are now catching salmon as far as 200 miles from their coastline. The use of long lines with hooks (the Greenlanders use more selective drift-nets) means fish of all sizes are caught, including immature one sea-winter fish which have no economic value. In November 50 tons of salmon were being landed in Scottish ports every fortnight.

Probably the most serious threat to salmon comes not from the North Atlantic countries but from within the EEC itself. Only three of the member states, Ireland, Britain and France, have runs of spawning salmon, so the case for salmon is a minority one. In the interminable negotiations in Brussels concerning a common policy for marine fish, the salmon does not have special status.

As the proposals stand, December 1982 would mark the end of Britain's historic 12-mile limit giving privacy to coastal waters. Salmon massing at rivermouths up which they spawn could therefore be scooped up off the coast. Each member state would be allotted a catch quota species by species, salmon along with the rest. The Atlantic Salmon Trust thinks this would make the salmon's disappearance inevitable. The apparent insolubility of a common fisheries policy lessens the chance of salmon interests pleading a special case. European countries like Germany have already eliminated natural salmon runs because of pollution, damming rivers and lack of river management policies.

As if the political problems affecting salmon were not enough, disease was discovered in western Scottish salmon farms last autumn. IPN, to be distinguished from the notorious UDN which affects wild stocks, is a virus disease which poisons the pancreas. It can contaminate up to 40 per cent of stocks at fry stage. Farmed rainbow trout are the carriers of the virus.

IPN has hit salmon farmers at a critical moment. Norway and Scotland sold the same amount of farmed salmon to Billingsgate in 1975, by 1979 Norway was dispatching five times the Scottish consignment. Now Norway is aiming to boost annual production from 500 to 1,600 tons by 1984. Britain hopes to increase output from 920 to 5,000 tons over the same period. An IPN diagnosis usually means closing down operations, disinfecting, and re-stocking; it is a setback salmon farmers could do without.

Brazil signs iron ore deal

BY RIK TURNER IN SAO PAULO

THE PRESIDENT of Brazil's state mining concern, CVRD, Senor Eliezer Batista, signed the first contract for the sale of an annual 6m tonnes of iron ore from the giant Carajas project, with a group of German companies in Dusseldorf on February 9.

The group is composed of Mannesmann, Rehstaffhandel and Thyssen, and the first delivery will be made in 1985.

Sr. Batista will sign two other contracts in Europe in the next few days: in Paris on February 13 with Usinor for the sale of 3m tonnes a year, and in Rome on February 16 for 2.5m tonnes a year with Italsider.

The three contracts will serve as a guarantee for $700m credit to be obtained from banks in West Germany, France, Spain and Italy. On the way back from Europe, Sr. Batista will stop in New York to negotiate a $300m loan from the World Bank.

With these resources, CVRD will have obtained 80 per cent of the foreign loan requirement for the iron ore mine, and the construction of a railway and port.

Cocoa supply to ease soon

LONDON COCOA traders said yesterday the supply tightness which has been underpinning prices recently could ease soon as delayed shipments of Ghanaian cocoa begin arriving ni Europe.

The shipments have been held up by port labour problems but the traders said shipment declarations had begun arriving at various London trade houses.

The declarations cover a "fairly sizeable tonnage" scheduled for shipment to Amsterdam they added.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange following persistent profit-taking, the decline in gold, and sizeable American selling. Forward metal opened at £807 and edged up to £809 on light fresh interest before losing ground for the rest of the day to close the late kerb at £800.5. Turnover 2,4175 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	781.5-2	—15	777-8	—17.5
3 months	805-.5	—14.5	800.5-1	—17
Settlem't	782	—15	—	
Cathodes				
Cash	779-81	—15.5	775-6	—16.5
3 months	794-.5	—14	787-.5	—16.5
Settlem't	781	—15	—	
U.S. Prod	—		*85	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £781.5; three months £808, 7.5, 7, 6.5, 7, 6, 5.5, 5, 4.5. Cathodes: Cash £779, 80; three months £785. Kerb: Wirebars, three months £805, 06, 06.5, 07, 08, 08.5. Afternoon: Wirebars, three months £805, 04, 03, 02.5, 02, 01, 02, 02.5, 02, 01, 01.5, 01, 800, 800.5. Cathodes: Three months £788, 87.5. Kerb: Wirebars, three months £801, 02, 01, 800.5, 800.

TIN—Easier in quiet and routine trading with forward metal moving in a narrow range prior to closing the late kerb at £6,050. Turnover: 1,010 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5915-20	—75	5900-8	—46
3 months	6065-70	—55	6046-8	—40.5
Settlem't	5920	—75	—	
Standard				
Cash	5915-20	—75	5900-8	—46
3 months	6065-70	—55	6046-8	—40.5
Settlem't	5920	—75	—	
Straits E.	$430.70	+8.25	—	
New York	—			

Morning: Standard: cash £5,920, 15; three months £6,070, 60, 65, 70. Kerb: Standard, three months £6,070, 65. Afternoon: Standard, three months £6,060, 50, 45, 46, 50, 46. Kerb: Standard, three months £6,050, 48.

LEAD — Marginally easier. Three months opened on a steady note around the £308 level and eased to £303, reflecting the decline in copper and profit-taking. However, trade support kept the price around £306 during the afternoon rings before heavy selling from one quarter on the late kerb prompted a fall to £300 before a close of £301. Turnover: 10,525 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	295.5-6	—8.5	296-7	—3
3 months	304.5-5	—8	305.5-6	—2.5
S'ment	296	—9	—	
U.S. Spot	—		*30-2	

Morning: Cash £295.5, 96.5, 96; three months £307, 06, 05, 04, 03, 04, 04.5, 05. Kerb: Three months £304.5, 05. Afternoon: Three months £305, 04, 05, 05.5, 06. Kerb: Three months £304, 04.5, 04, 03, 02, 01, 300.

ZINC—Drifted in subdued trading which saw forward metal close at £328 on the late kerb. Turnover: 4,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	316-8	—3.5	315.5-6	—2.25
3 months	328-.5	—3.25	327-8	—1.75
S'ment	318	—3	—	
Primw'ts	—		*41.5	

Morning: Three months £329, 28.5, 28. Kerb: Three months £329, 28.5. Afternoon: Three months £329, 28, 27.5. Kerb: Three months £328, 29.

ALUMINIUM—Steady with forward metal moving up to £839.5 before easing to close the late kerb at £834.5. Turnover: 12,050 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	623-.5	+4	620-1	+3.5
3 months	637-.5	+2.5	635.5-6	+2.25

Morning: Cash £622; three months £638, 38, 39, 38.5, 38, 38.5, 37. Kerb: Three months £637. Afternoon: Three months £636, 36.5, 36, 35, 34.5, 34, 34.5, 35. Kerb: Three months £635.5, 35, 34.5.

NICKEL—Lower owing to light stop-loss selling in the afternoon which left forward metal at £2,692.5 on the afternoon kerb. Turnover: 222 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2725-40	—37.5	2715-25	—25
3 months	2710-20	—32.5	2695-700	—30

Morning: Three months £2,722, 20, 15. Afternoon: Three months £2,710, 05, 2,700, 2,695.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 2.15p an ounce lower for spot delivery in the London bullion market yesterday at 592.65p. U.S. equivalents of the fixing levels were: spot $13.865, down 3.5c; three-month $14.427, down 5.5c; six-month $14.902, down 6.8c; and 12-month $15.84, down 5.6c. The metal opened at 598p-607p ($14-$14.2) and closed at 588p-597p ($13.75-$13.95).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	592.65p	—2.15	593.5p	—5.5
3 months	611.05p	—2.45	612.25p	—4.25
6 months	624.85p	—2.45	—	
12 months	651.0p	—3.4	—	

LME—Turnover 125 (191) lots of 10,000 ounces. Morning: Three months 615, 14, 14.5. Kerb: Three months 615, 16. Afternoon: Three months 609, 10, 11, 12.5. Kerb: Three months 613.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 226 tonnes, bringing the total for the week so far to 229 tonnes. Demand improved, with additional support in Middle Eastern qualities. Users showed less inclination to avoid forward commitments.

COCOA

Cocoa futures were steady throughout a featureless day during which commission house selling was absorbed by trade support. Physical business remained modest with producers withdrawn from current levels, although some offtake was found among consumers, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	848-850	—4.0	857-849
May	878-880	—0.50	884-878
July	904-905	—1.0	909-904
Sept	927-928		932-927
Dec	957-958	—2.0	961-957
March	980-981	—3.0	984-981
May	1000-1001	—3.0	1000

Sales: 2,965 (2,517) lots of 10 tonnes.

ICCO Futures—Daily price for Feb. 9: 92.30 (91.31); five-day average 91.48 (91.60).

COFFEE

A quietly steady session saw values opening with gains of £5-£10 in poor volume, reports Drexel Burnham Lambert. This steadier tendency reflected more constructive chart patterns and a slightly bullish report concerning El Salvador's 1981 coffee production.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
March	993-994	+11.5	995-987
May	1014-15	+13.0	1015-06
July	1028-30	+8.5	1032-24
Sept	1038-39	+6.0	1041-35
Nov	1038-40	+0.5	1044-42
Jan	1038-65	+9.5	—
March	1040-60	+15.5	—

Sales: 1,354 (710) lots of 5 tonnes.

ICO Indicator prices for February 9 (U.S. cents per pound): Other Mild Arabicas 125.17 (125.00); Robustas ICA 1976 114.50 (same); ICA 1968 114.75 (same); Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Old crops opened 10p lower, wheat values saw further selling pressure from shipper sources and despite some short-covering values eased 20p-30p on the day. Barley sellers dried up initially and March and May rallied to trade 30p-40p up, at these levels trade became more fluid with values gradually easing back to close 5p-10p down. New crops saw a quiet day values losing 10p-15p on wheat with barley closing unchanged to 5p lower, reports Acli.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Mar	106.60	—0.20	95.55	—0.05
May	110.50	—0.30	99.30	—0.10
July	114.40	—0.35	—	
Sept	99.35	—0.15	93.85	+0.10
Nov	103.15	—0.15	97.65	
Jan	107.10	—0.10	101.45	+0.05

Business done—Wheat: March 106.75-106.55, May 110.80-110.45, July 114.65-114.40, Sept. 99.65-99.35, Nov. 103.25-103.15, Jan. no trade. Sales: 367 lots of 100 tonnes. Barley: March 96.15-95.60, May 99.80-99.30, July no trade, Sept. 93.85-93.75, Nov. no trade, Jan. 101.45-101.45. Sales: 226 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, March 111.25 transhipment East Coast seller. U.S. Hard Winter, 13½ per cent, March 104, April 105.50 transhipment East Coast seller. English Feed fob Feb. 109.75, March 111.50, April/June 115.50 East Coast seller. Maize: French Feb. 123.00 quoted transhipment East Coast. South African Yellow March/April 87.50 seller. Barley: English Feed fob Feb. 99.50, March 101.60, April/June 103.50 seller East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed Barley: S. East 92.60, S. West 96.90, W. Midlands 93.40, N. West 95.20. Milling wheat: N. West 107.00.

The UK Monetary Coefficient for the week beginning Monday, February 16, is expected to remain unchanged.

RUBBER

The London physical market opened slightly easier, with fair interest throughout the day, closing on a slightly steadier note. Lewis and Peat reported an fob February price for No. 1 RSS in Kuala Lumpur of 303.5 (299.5) cents a kg and SMR 20 at 259 (257) cents.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Mar.	57.50-58.00	56.50-57.00	—
Apr.	58.40-58.50	57.70-58.10	58.50
Apr-Jne	59.50-59.50	58.60-59.00	58.50-58.60
Jly-Sept	62.70-62.80	62.50-62.40	62.80-62.00
Oct-Dec	65.70-65.80	65.40-65.50	65.80-65.70
Jan-Mar	68.70-68.80	68.50-68.40	68.70
Apl-Jne	71.70-71.80	71.60-71.50	—
Jly-Sept	74.80-74.80	74.50-74.60	—
Oct-Dec	77.70-77.80	77.40-77.60	—

Sales: 165 (251) at 15 tonnes and 4 at 5 tonnes. Physical closing prices (buyer) were: Spot 57.00p (56.00p). March 61.00p (60.25p). April 61.50p (60.75p).

SOYABEAN MEAL

The London market opened weak with losses of £3 on stop-loss selling, reports T. G. Roddick. Prices steadied from opening levels with some trade buying, closing around £2 down on the day.

	Yest'rd'ys Close £ per tonne	+ or —	Business Done
February	118.00-20.0	—0.50	—
April	120.70-21.0	—2.55	121.20-19.50
June	123.70-24.1	—2.50	124.00-23.60
August	126.20-27.0	—1.85	—
October	127.00-27.4	—1.85	127.00-26.50
December	128.80-28.5	—1.60	128.20-28.00
February	158.00-32.0	—0.75	—

Sales: 121 (59) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £265.00 (£285.00) tonne cif for Feb.-March shipments. White sugar daily price was £298.00 (£312.00).

The market opened at around overnight quotations but buying interest was lacking at the higher levels and prices began to drift. The decline continued throughout the day punctuated by brief rallies on bouts of shortcovering, reports C. Czarnikow.

No. 4 Contract	Yesterday's Close £ per tonne	Previous close	Business Done
Mar.	272.55-72.60	280.00-80.50	280.00-66.00
May	273.00-73.50	287.00-87.50	288.50-78.50
Aug	278.45-78.50	281.50-82.00	285.00-74.00
Oct	270.00-70.50	272.00-72.50	275.00-68.00
Jan	248.00-50.00	252.00-53.00	255.00-49.00
March	247.00-48.00	251.00-52.00	253.00-47.50
May	248.00-45.00	248.50-50.50	253.00-48.00

Sales: 8,875 (16,735) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £350.00 (£372.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for February 9: Daily price 25.73 (24.82); 15-day average 25.31 (25.30).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kg. March 348, 350-349, 5; May 352, 356, 356-354, 7; Aug. 367, 370, nil, nil; Oct. 376, 380, 379-378, 7; Dec. 378, 381, 381-380, 7; Jan. 381, 382, 382-381, 5; March 383, 386, 384, 1; May 386, 389, 386, 4; Aug. 389, 392, nil nil. Sales: 36.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 482.0, 485.0, 485.0-480.0, 129; May 489.7, 490.0, 491.5-489.0, 184; July 502.5, 502.5, 503.0-498.0, 284; Oct. 495.0, 499.0, 500.0-495.0, 62; Dec. 502.0, 502.0, 503.0-505.5, 34; March 509.5, 510.0, 509.0-508.0, 18; May 512.0, 515.0, untraded; July 518.0, 519.0, 519.0-519.0, 6. Sales: 717.

POTATOES

LONDON POTATO FUTURES—After an unchanged opening and a quiet morning, recent firmness was cancelled by a sharp drop of some £2 on April after lunch, causing the market to close at or near the lows, reports Coley and Harper. Closing prices: Feb. 45.00 unchanged (44.00 only); April 56.60 —230 (high 58.50, low 56.60); Nov. 54.50 —150 (high 56.00, low 54.5). Turnover: 125 (71) lots of 40 tonnes.

PRICE CHANGES

	Feb. 10 1981	+ or —	Month ago
Metals			
Aluminium	£810/815		£816/815
Free Mkt	$1450/1460		$1445/475
Copper			
Cash w'bar	£777.5	—17.5	£787
3 mths	£800.75	—17	£807.5
Cash Cathode	£775.5	—16.5	£767
3 mths	£787.25	—16.25	£787.5
Gold troy oz	$514.5	—2	$564.5
Lead Cash	£296.5	—3	£302.5
3 mths	£305.75	—2.5	£314.75
Nickel	£3,156		£3,225.57
Freemkt	280/295c		290/305c
Platin'm'ry oz	£202		£202
Freemkt	£217.10	—1.35	£232.0
Quicksilver†	$385/395		$355/365
Silver troy oz	592.65p	—2.15	626.55p
3 mths	611.05p	—2.45	648.05p
Tin Cash	£5,904	—46	£6,080
3 mths	£6,047	—40.5	£6,217.5
Tungsten 22.04lb	$144.72		$140.56
Wolfrm 22.04 lb	$148/151		$146/47.5
Zinc Cash	£315.75	—2.25	£333.25
3 mths	£327.5	—1.75	£345.25
Producers	$825		$823
Oils			
Coconut (Phil)	$600r	—5	$605
Groundnut			
Linseed Crude	£400		£450
Palm Malayan	$510y	—15	$512.5
Seeds			
Copra Philip	$405	—15	$410
Soyabean (U.S.)	$298		$339.75
Grains			
Barley Futures	£99.30	—0.15	£98.40
Maize			
French	£123		£121
Wheat			
No 1 Red Spg			
No2 HardWint	£104r	—1.50	£105.50
Eng. Millingt			
Other commodities			
Cocoa ship't	£935	—4	£929
Future May	£879	—0.50	£877.5
CoffeeF t'May	£1014.5	+13	£1057
Cotton A.Index	96.40c	—0.80	100.55c
Rubber (kilo)	57.00p	+1	57p
Sugar (Raw)	£265	—20	£280
Woolt'ps 64s kl.	309p kilo		296p kilo

† Unquoted. w March. x March-April. v Feb.-March. y April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on February 10. GB—Cattle 84.92p per kg. l.w. (+0.96). UK—Sheep 161.88p per kg. est. d.c.w. (+20.11). GB—Pigs 67.25p per kg. l.w. (+2.27).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 69.0 to 72.5; Eire hindquarters 78.0 to 82.0, forequarters 54.0 to 56.0. Veal: Dutch hinds and ends 104.0 to 109.0. Lamb: English small 66.0 to 76.0, medium 70.0 to 74.0. Imported frozen: NZ pl 60.0 to 60.0. Pork: English, under 100 lbs 40.0 to 49.0, 100-120 lbs 40.0 to 48.0, 120-160 lbs 37.0 to 44.0.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.20-5.05; Spania: Navels 48/54/80 3.60, 70 3.40, 80/90/100/112/135/150 3.20; Moroccan: Navels 56/125 3.40-3.80; Cypriot: Shamoutis 15 kg 42/112 3.00; Egyptian: 72/125 2.60. Sours—Seville: 4.50; Italian: 35 lb 3.90.

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.20, codlings £3.00-£4.90. Large haddock £4.60-£6.00, medium £5.00-£5.80, small £3.00-£4.20. Skinned dogfish (medium) £7.30-£9.00. Rockfish £4.00. Saithe £2.20-£3.60.

*

HIDES—Birmingham: slightly firmer. Second clears: Ox 31-35.5 kg 40p a kg (38.6p a kg); 26-30.5 kg 41.8p (38.1p a kg withdrawn); 22-25.5 kg 46.5p (45.4p); Light cows 40p (38.3p a kg withdrawn).

AMERICAN MARKETS

NEW YORK, February 10.

PRECIOUS METALS declined due to an easier Polish situation and some profit-taking. Copper followed suit and sold off moderately. Lack of reaction to the alleged Soviet purchases of sugar contributed to a moderate sell-off. Trade support erased most of cotton's early losses. Cocoa prices come under moderate pressure on reported West African sales. Reports of wind damage to the coffee crop in Salvador produced minor gains. Grains and soyabeans rallied for moderate gains, a major blizzard is slowing down country movement, reported Heinold.

Copper—Feb. 80.95 (82.00), March 81.50-81.85 (82.70), April 83.00, May 84.30-84.40, July 87.10-87.50, Sept. 89.50-89.75, Dec. 92.40-92.75, Jan. 93.60, March 95.60, May 97.30, July 99.00, Sept. 100.70, Dec. 103.20.

Potatoes (round whites) — March 138.6-139.0 (139.2), April 168.3 (170.4), Nov. 88.0-88.5. Sales: 1,968.

Sugar—No. 11: March 26.50-26.55 (26.96), May 27.20-27.25 (27.91), July 27.50-27.60, Sept. 26.70-26.80, Oct. 26.50-26.60, Jan. 24.45, March 24.55-24.60, May 24.40-24.50, July 24.40-24.50.

Tin—643.0-650.0 (647.0-651.0).

CHICAGO, February 10.

Lard—Chicago loose 18.75 (18.50).

Live Hogs—Feb. 45.70-45.55 (45.65), April 48.90-48.80 (49.00), June 54.50-54.20, July 55.45-55.50, Aug. 54.35, Oct. 53.45, Dec. 56.15, Feb. 58.10, April 59.00.

‡‡Maize—March 359½-360 (357¾), May 370½-470¾ (369¼), July 378¾-373½, Sept. 375½-375¾, Dec 377¼-377½, March 387.

Pork Bellies—Feb. 57.50-57.35 (56.87), March 58.10-57.95 (57.50), May 60.30-60.15, July 62.40-62.30, Aug. 61.75-61.60, Feb. —.

Silver—Feb. 1350.0 (1405.0), March 1370.5 (1410.5), April 1385.0, June 1422.0, Aug. 1459.0, Oct. 1496.0, Dec. 1533.0, Feb. —, April 1607.0, June 1644.0, Aug. 1691.0, Oct. —, April 1829.0, June 1866.0, Aug. —.

†Soyabeans—March 745-747 (737¼), May 772-773 (765¼), July 793-794, Aug. 803, Sept. 807, Nov. 823-824, Jan. 842, March 862½.

‖Soyabean Meal—March 215.0-216.5 (213.1), May 224.5-225.0 (222.0), July 232.0-231.5, Aug. 233.5-234.0, Sept. 236.5, Oct. 237.0, Dec. 240.5-240.0, Jan. 241.0-241.7, March —, May —.

Soyabean Oil — March 23.55-23.60 (23.45), May 24.40-24.45 (24.26), July 25.25-25.20, Aug. 25.45-25.55, Sept. 25.90, Oct. 26.10, Dec. 26.76, Jan. 26.81, March 27.00-27.20, May —.

†Wheat—March 457½-456½ (452½), May 468-465 (461½), July 459½-459½, Sept. 473½-474, Dec 498½-498, March 516.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

††Cocoa — March 1918 (1917), May 1987 (1980), July 2060, Sept. 2115, Dec. 2190, March 2255, May —, July —. Sales: 1,341.

Coffee—"C" Contract: March 120.50-120.75 (121.28), May 125.00-125.20 (125.30), July 127.35, Sept. 130.25, Dec. 129.50-130.00, March 127.74-127.75, May 127.00-128.50, July 124.00-130.00. Sales: 480.

Copper—Feb. 82.00 (83.70), March 82.50-83.00 (84.65), April 84.05, May 85.20-85.50, July 87.90-88.10, Sept. 90.25, Dec. 93.25, Jan. 94.20, March 96.15, May 97.75, July 99.35, Sept. 100.95, Dec. 103.35. Sales: 6,700.

Cotton—No. 2: March 87.65 (89.65), May 87.83 (89.83), July 88.00, Oct. 84.36, Dec. 81.65, March 82.65-82.80, May 83.25-84.00, July 84.00-84.50. Sales: 5,000.

*Gold—Feb. 517.0-519.5 (504.5), March 521.7 (508.0), April 526.6-528.0, June 539.0-541.0, Aug. 554.0, Oct. 567.2, Dec. 582.0, Feb. 593.5, April 606.7, June 619.9, Aug. 633.2, Oct. 646.5, Dec. 659.9. Sales: 28,000.

Orange Juice—March 134.65 (139.65), May 138.80 (143.80), July 141.50, Sept. 143.00, Nov. 142.30, Jan 142.00-142.30, March 143.50, May 145.00-145.25, July 146.50-147.00. Sales: 1,500.

Platinum—Feb 515.0 (488.0), March 512.0 (492.0), April 518.0, July 539.0, Oct. 560.0, Jan. 581.5, April 603.0. Sales: 1,452.

§Silver—Feb. 1405.0-1412.0 (1356.0), March 1415.0-1418.0 (1368.0), April 1436.0, May 1455.5, July 1492.0, Sept. 1528.5, Dec. 1582.5, Jan. 1600.5, March 1636.5, May 1672.5, July 1708.5, Sept. 1744.0, Dec. 1797.5. Sales: 4,000. Handy and Harman bullion spot 1405.0 (1325.0).

CHICAGO, February 9.

Chicago 1mm Gold—Feb — (500.0), March 521.0-520.5 (506.7), April 527.2, June 541.5-540.5, Jul. 547.2, Sept. 560.4, Oct. 566.9, Dec 580.1, Jan. 586.0, March 599.9.

WINNIPEG, February 9.

§Wheat—March 452½-452 (472), May 461½ (481½), July 454, Sept. 466, Dec 490-490½, March 506.

EUROPEAN MARKETS

ROTTERDAM, Feb. 10.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Feb. $223, March $223, April $227, May $227. U.S. No. 2 Red Winter March $214, April $217, May $221. U.S. No. 2, Northern Spring, 14 per cent, March $235, April/May $216, May $216, June $216, July $216, Aug. $218, Sept. $219.

Maize—Spot $167, afloat $162, Feb. $162, March $164.25, April/June $173, July/Sept. $178, Oct./Dec. $176, Jan./March $187.50.

Soyabeans—U.S. No. 2 Yellow Gulfports Feb. $291 paid, March $298.75, April $309.25, May $313.50, June $318.75, July $321.75, Aug. $325, Sept. $327, Oct. $329.50, Nov. $330.50, Dec. $337.25 seller. Argentine/Paraguay/Gulf/Brazil May $310, June $315, July $316 seller.

Soyameal—44 per cent protein, U.S. Feb. $262.50/$263/$263.50, March $268, $268.50 traded, afloat $266. Feb. $263.50, March $268. April $275, May $278, April/Sept. $303. Brazil Pellets afloat $264, Feb., March $287, April-May $290, April/June $291.50, Aug. Sept. $288 seller.

PARIS, Feb. 10.

Cocoa—(FFr per 100 kg): March 955, 968, May 980-995, July 1,000, Sept. 1,050-1,065, Dec. 1,051-1,100, March 1,120-1,130, May 1,136-1,148. Sales at call: nil.

Sugar—(FFr per tonne): March 3,410, May 3,355-3,357, July 3,310-3,350, Aug. 3,310-3,325, Oct. 3,205-3,250, Nov. 3,150, Dec. 3,000-3,100, March 2,950-3,000. Sales at call: 18.

INDICES

FINANCIAL TIMES

Feb. 9	Feb. 6	Month ago	Year ago
253.96	266.70	261.82	311.17

(Base: July 1, 1952=100).

MOODY'S

Feb. 9	Feb. 6	Month ago	Year ago
1169.0	1158.9	1215.4	1487.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 9	Feb. 6	Month ago	Year ago
Spot	419.61	423.76	443.06	466.66
Fut'rs	436.47	441.42	467.21	470.16

(Average 1924-25-26=100)

REUTERS

Feb. 10	Feb. 6	M'nth ago	Year ago
1700.6	1721.0	1715.4	1840.6

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Gilts ease further in front of today's new tap issue
Equities mixed but leaders attract selective demand

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 26	Feb. 5	Feb. 6	Feb. 16
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23

* "New time" dealings may take place from 9 am two business days earlier.

Stock markets yesterday presented a mixed appearance ahead of and after the January banking statistics. British Funds gave further ground, but the undertone was little disturbed in the absence of sizeable sellers. The recent dimming of hopes about a cut in Minimum Lending Rate before the March 10 Budget continued to undermine the market which was also reflecting signs of indigestion pending today's applications for the near-short tap issue, Treasury 12 per cent 1986.

This, together with outstanding calls due over the next three weeks on existing stocks, will take about £1.5bn out of the market. Quotations yesterday closed above the worst with losses in the area of the new tap limited to ½ and those in longer dates usually restricted to ¼. The Government Securities index shed 0.11, making a four-day loss of 0.41 to 69.06.

Selective demand developed for leading equities with the emphasis on Engineering issues, and while gains in the FT 30-share index constituents rarely exceeded a few pence they well outnumbered scattered falls of a penny or two. Up 5.6 at noon, the index was finally 4.6 higher at 485.5—its highest since December 1 last (493.3).

Features, both ups and downs, were fairly plentiful in second-line stocks with trading statements and speculative situations again attracting most interest. Among the sectors, Banks reversed the recent weak trend following brokers' circulars allaying recent fears about the imposition of a "windfall profits" tax.

Demand for Traded options fell away sharply and only 511 deals were arranged, the lowest total for over a month.

Banks strong

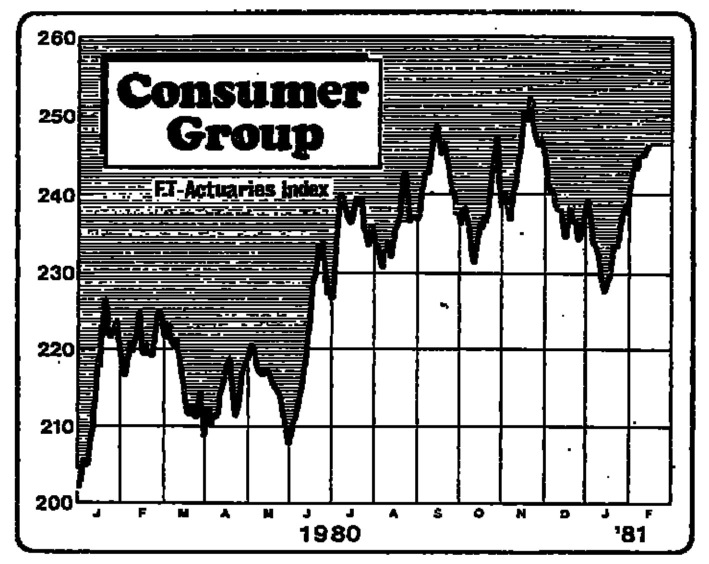
Weakened recently by suggestions that the Chancellor might impose a "windfall profits" tax in next month's Budget, the major clearing banks staged a strong rally yesterday as buyers returned following brokers' favourable circulars. **Barclays** led the recovery with a rise of 18 to 400p, while **Midland** closed 12 to the good at 330p. **Lloyds**, due to start the dividend season on February 20, ended 9 better at 332p as did **NatWest**, at 372p. Elsewhere, **Standard Chartered** rose 10 to 678p. A firm market ahead of the interim results, **Guinness Peat** reacted to 110p before ending 9 down at 113p on the sharp contraction in first-half earnings.

The EEC approved £42m compensation payment to the industry prompted a firmer tone among whisky distilleries. **Arthur Bell**, 166p, and **Invergordon**, 161p, both added 2, while **Distillers** rose 4 to 186p. Hopes that Mr. Jimmy Gulliver may turn his attentions towards **Amalgamated Distilled Products**, in which he has a 10 per cent stake, lifted the shares 8 to 49p. Interest in Breweries was mainly confined to regional counters. Recent takeover favourites **Davenports** encountered profit-taking and reacted 6 to 118p. **Belhaven** opened higher at 43p, but the announcement of the £1m leisure acquisition disappointed and the close was unchanged on balance at 39p.

Building issues retained a firm tone with the notable exception of **Crouch Group**, 10 down at 154p on the sharply reduced interim profits. Persistent demand, largely from one source, raised **Travis and Arnold** 11 to 138p, after 140p, a movement which gave rise to bid possibilities, while **International Timber** rose 6 to 80p and **Magnet and Southerns** gained 4 to 144p. A bear squeeze was held responsible for a rise of 5 to 63p, after 65p, in **Ibstock Johnsen**. Elsewhere, **John Carr** improved 4 to a 1980-81 peak of 53p.

ICI were virtually static at 294p, but **Laporte** firmed on small demand to close 3 up at 86p and **Blagden and Noakes** put on 4 at 94p.

An attempted late rally among leading Stores failed to gain momentum and most ended with modest falls. **British Home** bucked the trend, however, and rose 4 to 153p, after 154p. Secondary issues also passed a quiet session, although certain speculative favourites encountered renewed support. **Owen Owen** added 4 for a two-day gain of 12 at 136p, while **Bakers Household** jumped 10 to 108p in a thin market. **Peters** continued to make progress, closing 6 to the good at 122p. **Ladies Pride Outerwear** gained the turn to 46p following the raised annual dividend and the chairman's optimism about future trading.



Hawthorn Leslie up

With the exception of **GEC**, which eased a couple of pence to 633p, leading Electricals trended higher. **Racal Electronics** firmed 4 to 337p and **Thorn EMI** 3 to 288p. **BICC**, 188p, and **Standard Telephones and Cables**, 483p, rose 4 and 8 respectively. Elsewhere, **Hawthorn Leslie** picked up 6 to 142p on the announcement that the Starwest Investment cash offer has been extended to February 23. **United Scientific** gained 20 to 335p in a thin market and **Lee Refrigeration** revived with a rise of 6 to 98p.

The Engineering sector enjoyed its busiest session for quite some time. **Hawker** met demand and ended with a rise of 8 to 278p, after 280p, while **Vickers** rose 6 to 148p, after 150p, in response to Press comment. **John Brown** added 3 at 74½p as did **GKN**, to 145p. Elsewhere, **Peter Brotherhood** were prominent at 162p, up 11, while **G. M. Firth** added 5 for a two-day jump of 18 to 61p on further consideration of Monday's news that the company is in discussions which might lead to its trading operations being significantly enlarged. Still responding to favourable results, **F. Pratt** put on 6 to 68p and similar gains were seen in **Adwest**, 164p, **Hall**, 143p, and **Matthew Hall**, 330p. **Glynwed** hardened a penny to 78½p following Press comment, while **Duport** also moved up a penny, to 11p, awaiting a statement regarding financial support. **Johnson and Firth Brown**, on the other hand, softened a penny to 17p on the chairman's cautious annual statement.

Contrasting features in Foods embraced **Tate and Lyle**, 6 higher at 160p on renewed investment buying, and **Associated Fisheries**, which fell 5 to 54p on concern about the EEC fisheries policy talks and the UK trawlermen's dispute. Light demand in a thin market lifted **Geo. Bassett** 5 to 40p, while **Argyll Foods** were quieter after Monday's busy return from suspension but ended a further 3 up at 118p with the new nil-paid shares rising 4 to 54p premium. **Northern Foods** found support and gained 3 to 188p.

Revived bid speculation was thought to be a factor in a rise of 20 to 330p in **Wheeler's Restaurants**. Of leading Hotels, **Trusthouse Forte** slipped 4 to 196p.

Metal Box revive

Miscellaneous industrials paraded numerous features yesterday with **Metal Box** prominent among the leaders with a rise of 12 to 180p, after 182p, following buying in a market none too well supplied with stock. **Pilkington** were also favoured at 274p, up 9, but **Bowater**, at 196p, gave up 2 of the previous day's rise of 6 that stemmed from Canadian drilling hopes. Continuing talk of a bid helped **Chubb** to rise 7 afresh to 90p, while **European Ferries** added a similar amount to 168p on news of the acquisition of a golf complex in Spain. **Plastic Construction** jumped 5½ to 27p on the better-than-expected preliminary profits, while **Crest Nicholson's** increased profits also pleased and the shares rose 11 to 131p. **Donald Macpherson** firmed 3 to 72p on satisfaction with the maintained dividend and **Beatson Clark** added 10 to 103p, after 106p, in response to a broker's recommendation. **Hoover** A put on 7 to 122p on small buying ahead of the annual figures, due tomorrow week. Improvements of around 8 were recorded in **AAH**, 190p, **Bestobell**, 314, **Cawoods**, 194p, and **Ropner**, 183p, but **Erskine House** slumped 13 to 32p following the withdrawal of recent speculative support. **Syltone** fell 7 to 165p on the disappointing half-yearly results, while **Manchester Ship Canal** shed 14 for a two-day relapse of 25 to 173p on the poor preliminary figures.

Motor Distributors came in for sporadic support and gains of 3 were noted in **Tate of Leeds**, 65p, **Arlington**, 92p and **T. C. Harrison**, 59p. **British Car Auction** firmed 4½ more to 75p, but **Henlys**, good of late following a broker's circular, eased 3 to 78p on profit-taking. Among Components, reports of sizeable Swiss buying helped **Dunlop**, 3 up for a two-day gain of 7 to 64p.

Properties drifted back as recent enthusiasm faded but losses were limited to a few pence. **Land Securities** settled 4 lower at 398p and **MEPC** 3 off at 237p, while **City Offices** turned dull after the preliminary statement and closed 5 down at 101p. Against the trend, **Federated Land** attracted support and gained 5 to 95p.

Oils quiet

Established Oils were quiet and mostly a shade easier, but exploration and speculative issue tended to gain ground, albeit in small trading. **Cambridge** advanced 35 to 335p, while **Aran Energy** and **CCP North Sea** closed around 10 higher at 355p and 278p respectively. Among Oversea stocks, **Santos** gained 18 more to 930p, still on the Cooper Basin drilling show, while other Australians to improve included **Moonie**, up 50 at 900p, and **Woodside**, 4 dearer at 138p. Transatlantic issues up about 15 took in **Ranger**, 690p, and **Double Eagle**, 210p.

Australian and International Trust advanced to 130p before settling for a net gain of 8 at 125p following unitisation proposals. Among Financial Trusts, **R. P. Martin** continued to draw strength from Monday's excellent mid-term statement and firmed 5 for a two-day gain of 15 to 171p. Others with money broking interests trended firmer in sympathy. **Mercantile House** ended 5 dearer at 610p, after 615p, while **Mills and Allen** spurted 20 to 343p.

Good support was again seen for Shippings. **P & O** hardened a couple of pence to 120p, as did **Ocean Transport**, 134p. **Reardon Smith** issues remained in demand and gains of 9 were recorded in the Ordinary, 148p and A, 124p. In contrast, **Milford Docks** met profit-taking and shed 8 at 117p.

Profit-taking in Golds

After a promising start, when jobbers marked share prices higher as the bullion price made further progress, South African Golds ran into a considerable amount of profit-taking and closed with widespread and sometimes substantial losses.

The Gold Mines index gave up 5.7 to 334.5—its first decline in five trading days.

The profit-taking initially emanated from Johannesburg and was quickly followed by London, Continental and American selling. Prices steadied in the early afternoon but resumed the downtrend in light after-hour's trading. The bullion price was finally $2 easier at $514.5, after touching $519.50 at the afternoon fixing.

The marginals were particularly vulnerable with **East Rand Proprietary** 75 down at 866p, **Durban Deep** 11 off at 930p, and **South African Land** a like amount cheaper at 287p.

South African Financials were mixed. **GFSA** lost ⅞ to £25⅝, but **UC Investments** rose 15 to 475p and "**Johnnies**" ⅜ to £27¼, the last-named reflecting the good half-year profits.

London Financials attracted good support with sentiment aided by the gains in UK equities. Rises of 10 were common to **Charter**, 220p, and **Tanks**, 238p, while **RTZ** put on 8 to 380p and **Gold Fields** 5 to 433p.

The trend in Golds prompted profit-taking in Platinums in which **Rustenburg** fell 10 to 250p and **Lydenburg** 6 to 144p.

Australians continued to improve. The leading issues were featured by **Western Mining**, 11 up at 250p, **Peko-Wallsend**, 15 higher at 430p, and **CRA**, 6 better at 246p. **Bougainville** hardened a penny to 84p following the results.

Among the speculative stocks, **Greenbushes** put on 75 to 650p, **Hill 50 Gold** 4 to 39p and **Meridan Oil** 5 to 25p.

FINANCIAL TIMES STOCK INDICES

	Feb. 10	Feb. 9	Feb. 6	Feb. 5	Feb. 4	Feb. 3	A year ago
Government Secs.	69.06	69.17	69.30	69.53	69.47	69.79	66.10
Fixed Interest	70.41	70.66	71.13	71.18	70.99	70.95	66.85
Industrial Ord.	485.5	480.9	480.3	472.0	478.9	476.6	459.3
Gold Mines	334.5	340.2	325.3	307.6	305.5	284.2	352.5
Ord. Div. Yield	7.39	7.44	7.44	7.56	7.48	7.46	7.03
Earnings, Yld. %(full)	16.52	16.63	16.63	16.9	16.65	16.78	17.34
P/E Ratio (net) (*)	7.40	7.35	7.35	7.23	7.34	7.31	7.07
Total Bargains	23,029	23,141	22,938	21,454	22,079	21,312	27,674
Equity turnover £m.	—	118.29	131.38	121.29	137.48	128.36	356.30
Equity bargains total	—	17,011	18,568	16,826	16,309	16,149	21,966

10 am 482.6. 11 am 486.0. Noon 486.5. 1 pm 486.5.
2 pm 485.6. 3 pm 485.6.
Latest Index 01-246 8026.
*Nil=6.83.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/1/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 10	Feb. 9
—Daily		
Gilt Edged	143.6	101.0
Industrials	120.9	98.0
Speculative	47.8	39.5
Totals	85.2	67.8
5-day Avrge.		
Gilt Edged	129.5	129.2
Industrials	105.0	100.3
Speculative	38.1	35.7
Totals	73.5	70.4

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (81)

BRITISH FUNDS (1)
Exchqr. 3pc 1983
AMERICANS (2)
Chesebrough-Pond's U.S. Steel
BANKS (1)
ANZ
BEERS (1)
Belhaven Brewery

PROPERTY (5)
Churchbury Ests. Regional Props.
North Brit. Props. Do. A
Prop. Sec. Inv.
SHIPPING (2)
Reardon Smith Reardon Smith A
TEXTILES (4)
Dawson Int. Sidlaw Inds.
Leeds Dyers Textured Jersey
TRUSTS (8)
Australian & Intl. Inv. in Success
Brit. Ind. & Genl. M. & G. Hldgs.
Dualvest Inc. Martin (R. P.)
Estate Duties Yorkgreen
Greenfriar

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
Barclays Bank	£1	9	400	+18	482	327
Crest Nicholson	10p	8	131	+11	131	69½
BAT Inds.	25p	7	275	+ 2	295	223
GEC	25p	7	633	− 2	635	326
ICI	£1	7	294	—	402	282
Metal Box	£1	7	180	+12	318	156
BOC Intl.	25p	6	117	+ 1	119	56
BP	25p	6	412	− 2	502	320
Cadb'y Schweppes	25p	6	74	+ ½	76	54
Cons. Gold Fields	25p	6	433	+ 5	678	373
NatWest Bank	£1	6	372	+ 9	428	305
RTZ	25p	6	380	+ 8	486	322
Beecham	25p	5	178	− 2	180	108
P. & O. Defd.	£1	5	120	+ 2	136	105
Shell Transport	25p	5	424	− 2	522	314

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8
Mar. 9	Mar. 20	June 11	June 22

For rate indications see end of Share Information Service

Stocks favoured for the call included **Premier Oil, Levex, Bardsey, Turner and Newall, Grand Metropolitan, Inveresk, Dunlop, Charterhall, Hampton Trust, Imps, Blyvoor, Leslie Gold, Royal Bank of Scotland, Lister, Reardon Smith A, FNFC, London Investment Trust, Montague L. Meyer, British Land** and **Davenports**. A put was done in **Thorn EMI**, while a double was taken out in **Lonrho**.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p:	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
610	F.P.	—	650	600	✠Cramphorn	650	.....	16.5	2.1	3.6	18.8
5‡	F.P.	—	8	6½	✠Dunton 5p	8	+½	—	—	—	—
100	F.P.	—	102	99	New Darien Oil Trust	99	−1	—	—	—	—
100	F.P.	23/1	116	97	New Tokyo Inv Tst 50p	113	+2	—	—	—	—
‡3	F.P.	—	14	12	✠Parkfield Foundri's	13½	.....	0.88	6.4	9.3	2.4
50	F.P.	21/1	55	47	††Pennine	54	−1	—	—	—	—
81½	F.P.	16/2	106	95½	Sonic Sound Audio 10p	95½	−½	b4.48	1.9	6.7	9.3
**	F.P.	9/2	84	72	Westpool Inv. Defd	84	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
‖	F.P.	14/1	111	100½	Allied London 8½% Cnv. Uns. Ln. 1999	105	.....
100p	F.P.	30/1	105½p	102p	Comben 11.375% Cum. Red. Pref.	106p	.....
‖	Nil	12/2	10pm	5½pm	Crystalate 9¾% Cnv. Uns. Ln. '99-2000	8½pm	+¼
¶	F.P.	26/2	105	104½	Essex Waterworks 8½% Red. Prf. 1985	104½	.....
96	£20	27/3	21⅛	20¾	Iceland 14½% 2016	21⅛	.....
£100	£50	30/4	48	41	Lon. Merchant Secs. 7½% CvUnsLn 2000-05	45½	.....
99	F.P.	23/5	101⅛	98¾	Mid-Sussex W'rw'ks 14% Red. Deb. '86-88	101⅛	.....
‖	F.P.	20/1	126p	107p	Paterson (R.) 11½% Cum. Cnv. Prf.	126p	.....
‖	Nil	13/2	18pm	13pm	Portals 9½% Cnv. 1994-2000	18pm	.....

"RIGHTS" OFFERS

Issue Price p:	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980/81 High	1980/81 Low	Stock	Closing price p:	+ or −
65p	Nil	—	—	58pm	50pm	Argyll Foods	54pm	+4
30	F.P.	6/3	27/3	41	34½	Benlox	40	−1
115	F.P.	12/1	26/2	159	134	Brotherhood P.	159	+16
45	Nil	18/2	13/3	20pm	8pm	Hampton Trust	19½pm	−½
184	F.P.	29/1	13/3	209	188	Johnson, Matthey	209	+8
$A1.05	55cts	—	—	75	31	North Kalgurli Mines	37	+5
60	Nil	16/2	27/3	20pm	11pm	Norcros	20pm	+5
35	F.P.	21/1	13/2	26	24	Prestwich Parker	26	.....
320	F.P.	23/1	20/3	363	330	Royal Insurance	358	−2
60	F.P.	9/1	13/2	82	67	Security Centres	82	+2
145	F.P.	19/1	16/2	210	174	Warren Plants	207	+5

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. : Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p: Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 5 12½% Cum. Pref.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Feb. 10, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Feb. 9 Index No.	Fri., Feb. 6 Index No.	Thurs., Feb. 5 Index No.	Wed., Feb. 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	298.15	+1.0	14.01	5.53	8.71	295.16	293.88	290.35	293.25	246.28
2	Building Materials (26)	268.54	+1.7	17.42	6.43	6.85	264.03	260.87	258.61	258.79	241.12
3	Contracting, Construction (26)	457.25	+0.3	19.96	5.56	6.02	455.84	451.53	443.87	445.04	369.22
4	Electricals (27)	985.40	+0.3	8.89	2.65	13.90	982.09	982.68	962.21	978.31	630.03
5	Engineering Contractors (11)	398.00	+1.3	14.98	6.50	8.51	392.95	389.64	390.85	393.86	300.84
6	Mechanical Engineering (71)	173.89	+1.7	16.83	7.65	7.43	171.00	170.94	170.12	171.26	169.88
8	Metals and Metal Forming (13)	139.12	+2.5	18.96	12.00	6.69	135.75	133.25	131.73	133.45	168.35
9	Motors (21)	87.80	+0.2	21.86	9.51	5.27	87.61	86.62	86.20	87.04	115.09
10	Other Industrial Materials (16)	296.92	+1.6	15.44	7.23	7.70	292.34	289.99	291.61	293.36	0.00
21	CONSUMER GROUP (198)	245.93	+0.2	15.49	6.42	7.83	245.34	245.24	243.04	245.18	221.33
22	Brewers and Distillers (20)	265.02	+0.7	17.59	6.90	6.74	263.18	265.85	265.53	269.75	256.01
25	Food Manufacturing (23)	220.28	+0.7	17.85	7.19	6.65	218.84	219.10	218.48	219.26	206.70
26	Food Retailing (14)	476.04	+1.0	9.73	3.36	12.14	471.48	466.92	464.62	464.34	302.32
27	Health and Household Products (7)	263.67	−0.3	10.09	5.41	11.78	264.48	264.73	261.58	267.64	215.25
29	Leisure (22)	347.45	−0.1	16.09	6.58	7.66	347.73	349.19	347.48	350.69	301.13
32	Newspapers, Publishing (12)	436.88	+0.3	20.89	7.14	6.21	435.79	435.99	433.12	437.03	449.67
33	Packaging and Paper (15)	120.12	+1.0	26.59	10.11	4.36	118.88	116.41	115.22	115.63	133.43
34	Stores (44)	258.21	−0.3	11.52	4.88	11.37	259.00	258.86	254.42	256.92	219.97
35	Textiles (21)	131.14	+0.4	19.59	10.29	6.67	130.56	129.31	129.13	129.91	132.97
36	Tobaccos (3)	222.39	+0.2	25.81	10.47	4.41	221.98	219.89	216.43	215.35	208.80
39	Other Consumer (17)	236.33	+1.0	16.13	8.95	7.58	234.04	232.40	231.29	231.28	0.00
41	OTHER GROUPS (79)	215.67	+0.6	18.22	7.92	6.56	214.48	214.69	213.39	214.19	211.73
42	Chemicals (15)	279.87	+0.3	20.88	9.48	5.61	279.16	281.42	277.38	280.47	313.29
44	Office Equipment (6)	100.68	−0.4	18.49	8.25	6.42	101.13	102.66	102.54	102.12	120.55
45	Shipping and Transport (13)	568.58	+1.7	13.37	6.47	9.18	558.86	550.18	546.59	545.52	463.96
46	Miscellaneous (45)	263.41	+0.7	16.82	6.47	7.31	261.56	260.27	261.17	260.86	250.69
49	INDUSTRIAL GROUP (488)	260.16	+0.6	15.33	6.30	7.91	258.71	258.26	255.79	257.98	232.70
51	Oils (12)	878.73	−0.6	27.33	5.99	4.08	883.73	875.98	875.69	885.95	810.57
59	500 SHARE INDEX	309.15	+0.3	17.98	6.23	6.55	308.20	307.18	304.87	307.69	278.24
61	FINANCIAL GROUP (118)	243.33	+0.6	—	5.48	—	241.84	240.54	240.34	240.98	200.14
62	Banks (6)	236.59	+3.4	43.24	7.21	2.77	228.78	228.71	229.32	229.83	232.16
63	Discount Houses (10)	305.19	—	—	5.89	—	305.12	307.79	306.97	306.84	233.99
64	Hire Purchase (5)	218.43	+0.1	10.41	4.69	12.67	218.16	217.46	219.39	220.79	177.02
65	Insurance (Life) (10)	258.77	—	—	5.10	—	258.76	258.41	260.67	260.75	172.90
66	Insurance (Composite) (7)	153.87	−0.1	—	7.60	—	153.95	153.97	154.89	156.57	132.41
67	Insurance Brokers (9)	313.92	+0.8	14.53	7.38	9.42	311.51	309.23	310.46	315.74	288.36
68	Merchant Banks (13)	148.35	−0.3	—	5.22	—	148.77	147.90	148.42	147.52	106.13
69	Property (45)	478.66	−0.7	3.10	2.58	44.80	482.10	475.12	467.60	466.25	362.49
70	Miscellaneous (11)	174.33	+1.3	15.73	5.31	8.08	172.17	170.39	170.94	171.51	135.61
71	Investment Trusts (109)	280.18	+1.0	—	5.41	—	277.51	276.35	276.84	276.94	232.98
81	Mining Finance (3)	205.43	+2.0	15.97	6.53	7.46	201.31	200.76	204.19	208.21	220.35
91	Overseas Traders (20)	433.95	+1.4	11.83	7.02	10.29	427.94	432.83	433.82	431.84	427.82
99	ALL-SHARE INDEX (750)	294.72	+0.5	—	6.07	—	293.34	292.34	290.91	293.06	261.45

FIXED INTEREST PRICE INDICES

	British Government	Tues., Feb. 10	Day's change %	Mon., Feb. 9	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.30	+0.03	107.27	—	1.58
2	5-15 years	109.74	−0.11	109.86	—	1.54
3	Over 15 years	113.61	−0.18	114.02	0.21	0.85
4	Irredeemables	127.90	−0.32	128.31	—	0.00
5	All stocks	109.95	−0.10	110.13	0.07	1.27

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Tues., Feb. 10	Mon., Feb. 9	Year ago (approx.)
1	Low Coupons	5 years	11.60	11.59	12.50
2		15 years	12.33	12.29	12.49
3		25 years	12.43	12.38	12.49
4	Medium Coupons	5 years	13.43	13.43	14.90
5		15 years	13.89	13.86	14.16
6		25 years	13.69	13.65	14.06
7	High Coupons	5 years	13.43	13.41	15.30
8		15 years	14.13	14.09	14.69
9		25 years	13.88	13.85	14.41
10	Irredeemables		11.59	11.56	11.43

		Tuesday, Feb. 10 Index No.	Tuesday, Feb. 10 Yield %	Mon. Feb. 9	Friday Feb. 6	Thurs. Feb. 5	Wed. Feb. 4	Tues. Feb. 3	Mon. Feb. 2	Friday Jan. 30	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.07	†14.22	52.07	52.13	52.15	52.14	52.12	52.17	52.15	51.18
16	Investment Trust Prefs. (15)	50.64	13.37	50.64	50.69	50.69	50.69	50.69	50.89	50.69	47.77
17	Coml. and Indl. Prefs. (20)	68.38	13.13	68.32	68.27	68.32	68.18	68.09	68.04	68.04	61.80

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt

FT-Interzins	DM37.42	40.90	−0.16	—
Frankft. Effekt. Fd.	DM49.39	51.99	−0.53	—

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Dec. 31 | US$145.99 | ..... | —

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100
London Agents for:

Anchor 'B' Units	US$1.74	1.79	.....	1.21
Anchor Gilt Edge	£9.15	9.22	−0.03	13.77
Anchor Int. Fd.	US$8.49	8.71	.....	1.21
Anchor In. Jsy. Tst.	39.9	42.6	.....	2.81
Berry Pac Fd.	US$62.00		.....	0.89
Berry Pac Strlg.	£3.31	3.4632	.....	1.20
G.T. Asia Fd.	HK$21.26		.....	1.18
G.T. Asia Sterling	£26.79	27.89	.....	1.49
G.T. Australia Fd.	A$35.93		.....	0.81
G.T. Bond Fund	US$11.95		−0.05	10.88

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941.

Abbey Amer. Gth. Tst.	36.6	38.7xd	-0.8	2.45
Abbey Capital	44.7	48.3	+0.2	5.07
Abbey General	54.5	58.0xd	+0.3	5.21
Abbey Gilt & F.I. Tst.	105.5	111.1	-0.4	11.79
Abbey Income	35.5	36.2xd	+0.5	9.70
Abbey W'Wide Bd Tst.	91.7	92.8	-0.1	6.91
Abbey Inv. Tst. Fd.	48.0	51.4	+0.2	4.80
Equitas Prog. Tst.	78.5	84.4	+0.7	4.85

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	95.5	99.9xd	-0.1	12.75

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	87.0	93.1	+0.5	6.20
Brit. Inds. Fund	75.8	81.1	+0.6	6.58
Growth & Income	49.3	52.8	+0.5	5.11
Elect. & Ind. Dev.	43.0	46.0	+0.3	5.43
Allied Capital	94.9	101.5	+0.5	4.53
Hambro Fund	129.4	138.5	+1.0	6.25
Hambro Acc. Fund	178.6	191.1	+1.0	4.76

Income Funds

High Yield Fd.	60.7	64.9xd	+0.5	9.26
High Income	68.0	72.8	+0.7	7.15
Equity Income Fd.	43.6	46.7xd	+0.4	7.84
Govt. Secs.	25.3	26.8	-0.1	11.92

International Funds

International	33.2	35.4xd	+0.1	2.26
Japan Fund		25.0		0.25
Pacific Fund	64.1	68.4xd	+0.4	1.20
Secs. Of America	69.5	74.1	-0.4	2.16

Specialist Funds

Smaller Co.'s Fd.	53.8	57.6xd	+0.2	4.51
2nd Smlr. Co's Fd.	64.6	69.1	+0.3	4.34
Recovery Sits.	134.8	143.4	+0.7	5.30
Met. Min. & C'dty.	65.3	69.9	+0.3	5.44
Overseas Earnings	66.2	70.8	+0.5	5.21

Exempt Funds

Income Exempt	89.1	90.5xd	+0.2	8.42
Far East Exempt	68.3	70.8	-0.1	1.06
Smaller Co. Exempt	88.3	88.4	+0.4	4.51
U.S.A. Exempt	117.5	122.2	-0.8	2.66

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	34.8	38.0xd	+0.1	11.97
North American	59.1	63.9	-0.5	2.69
Canadian Exempt*	65.2	68.9	+1.2	3.38
Canadian Trust	64.1	69.2		2.58
Mid Mount High Inc.*	47.1	49.8	+0.8	9.69
Recovery	59.2	64.6	+0.7	6.66
Gilt Trust	42.1	44.1xd	-0.1	13.13

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	39.1	42.2		0.87
Cres. Internat'l.	74.5	80.4		1.79
Cres. High. Dist.	41.0	44.2	+0.2	11.05
Cres. Reserves	48.5	52.5xd	+0.5	5.50
Cres. Tokyo	31.2	33.5	+0.2	0.97

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.2	25.6		10.27

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Feb. 6	225.3	240.3		5.49

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.6	19.4xd		7.29
Gt. Winchester O'seas	26.0	28.0xd		3.68

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-493 5211

Emson Dudley Tst.	84.9	91.3		6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	87.1	91.8	+0.4	4.75

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD. 01-248 4891

American (z)	32.1	34.6	-0.4	0.82
Amer. Spec. Sits. (z)	24.2	26.1	-0.2	0.92
Gilt + Fixed Int.	24.8	26.2xd	-0.1	12.13
Growth + Income	30.0	32.3	+0.2	7.33
Minimum Inc. Eq. Tst.	25.4	27.4	+0.1	9.32
Special Sits.	38.0	40.9	+0.3	1.94

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	35.1	37.7		2.36
Accum. Units	43.5	46.8		2.36
J. Finlay High Income	34.5	37.1		10.17
Finlay Wld. Energy	18.1	19.5	-0.1	1.61
Accum. Units	23.3	25.1	-0.1	1.61
J. Finlay Fd. In. Tst.	37.6	40.4		4.85
Accum. Units	47.6	51.1		4.85

Prices on Feb. 9. Next dealing Jan. 28.

Framlington Unit Mgt. Ltd. (a)

INSURANCE PROPERTY BONDS

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155

Moneymaker Fd.		119.9		—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144

Investor Units	97.1	102.1		—
Accum. Pen. Units	146.0	153.6		—
Flex. Inv. Growth	123.9	130.5		—
Future Assd Growth	26.0(a)	54.0(b)		—
Ret. Ass'd Pen.		£31.57		—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Albany $ Fd. (CI)	US$170.52	172.69		1.72

Next dealing February 27.

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$13.63		—

Net asset value Feb. 2.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Dollar Inc. Fd.	US$10.23	10.25xd		17.31
AHR Gilt Edg. Fd.	£11.22	11.26xd	-0.01	13.22

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACIM, 319 High Holborn WC1. 404 0377
Daily Int.: Feb. 5-9 0.002234 (17.7% p.a.)

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

East Ind. & Energy	135.0	140.0		2.68

Dealing day Thurs.

Gov't Secs. Tst. (CI)	77.2	80.4xd	-0.3	15.80

Daily Dealings.

Sterling Fd.	121.2	121.3		—

Dealing on Wed.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	US$103.0	103.94		9.14

Prices at February 9. Next sub. day February 11.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

RentaFund	US$54.0	56.10	+0.30	8.41

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	98.1	105.6		4.00

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	40.8	42.9xd		13.52

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99	93⅞	Treasury 9¼pc 1981‡‡	99	......	9.79	12.79
98⅜	91¼	Exch. 8¼pc 1981	98⅜	......	8.38	13.21
98	92¼	Exch. 9½pc 1981	98	......	9.63	12.76
95⅝	85½	Exch. 3pc 1981	95⅝xd	......	3.15	12.44
99	96½	Treas. Variable '81‡‡	99	......	13.02	13.95
100	95	Exch. 12¾pc 1981‡‡	100⅛	......	12.73	12.45
96	88½	Treas. 8½pc '80-82‡‡	96½	......	8.81	12.58
94⅝	82½	Treasury 3pc '82‡‡	94⅝xd	......	3.18	8.95
102⅝	96⅝	Treasury 14pc '82‡‡	101½xd	......	13.79	12.57
98⅞	94¼	Treas. Variable '82‡‡	98½	......	13.11	14.10
94	86⅛	Treasury 8¼pc '82	94½	......	8.73	12.66
94	86⅝	Exch. 9¼pc 1982	94½	......	9.78	13.11
93	85	Exch. 8¾pc 1983	93½	......	9.36	12.68
87	76½	Exch. 3pc 1983	87½xd	+⅛	3.42	9.97
98	90⅞	Treasury 12pc 1983‡‡	98xd	......	12.23	13.14
96	90⅝	Treas. Variable '83‡‡	96⅝	......	13.37	14.64
93⅛	84½	Treasury 9¼pc '83	92	......	9.99	12.91
102⅛	94¼	Exch. 13½pc '83	100	......	13.43	13.21
93¼	84½	Exch. 10pc 1983	92	......	10.80	13.20
85⅝	76½	Funding 5½pc '82-84‡‡	85⅛	—⅛	6.44	11.52
97	87¼	Exch. 11¼pc 1984	95¼xd	......	11.81	13.21
104	94½	Exchequer 14pc 1984	101	......	13.73	13.23
78¼	68¼	Exch. 3pc 1984	78½	......	3.82	10.81
99⅞	88⅝	Treasury 12pc 1984	96	......	12.44	13.25
109	98	Treasury 15pc 1985	106xd	......	14.15	13.85

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

67¾	58	N.Z. 7¼pc 1988-92	65	—¼	11.29	13.48		
82¾	72	Do. 7½pc '83-86	79	—¼	9.57	13.43		
98	88	Sth Africa 9½pc '79-81	98	......	9.96	16.42		
160	95	S. Rhod. 2½pc Non-Ass.	121	......	—	—		
50	31	Do. 3½pc 80-85 Assd.	46xd	+½	7.60	23.20		
32	20½	Do. 4½pc 87-92 Assd.	28	......	17.47	23.80		
381	270	Zimbabwe Ann (£100pa)	360	—3	—	25.56		

565p	425p	Int. Nat. Gas $1	495p	+5	$1.00	—	7.1
495p	135p	Massey Ferg.‖	210p	......	—	—	—
200p	97p	Place Gas $1	100p	......	—	—	—
14	10½	Rio Algom	11	......	$1.50	—	4.4
21¼	14¼	Royal Bk. Can. $2	21xd	......	$2.88	—	4.8
27	15	Seagram Co. C$1	23	......	US$1.40	—	2.4
13	890p	Tor. Dom. Bk. $1	12xd	......	$1.52	—	4.4
10½	750p	Trans Can. Pipe	900p	—20	$1.16	—	4.5

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MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35	−2	Q2.5c	—	3.6
28	12	ACM 20c	18	+1	—	—	—
19	14	Argosy Gold NL 25c	16	+½	—	—	—
*199	46½	Bond Corp.	150	......	Q7.5c	1.9	2.5
156	80	Q21.2c	84	+1	Q26.5c	ϕ	16.8
*350	221	CRA 50c	246	+6	tQ15c	2.1	3.0
25	11½	Canada Northwest	19	......	—	—	—
42	8	Carr Boyd 20c	23	+1	—	—	—
545	152½	Central Pacific	310	+3	—	—	—
36½	9¼	Cons. Gold Min. N.L. 50c	35	......	—	—	—
47	17	Cultus Pacific N.L.	47	+3	—	—	—
52	20	Eagle Corp. 10c	30	......	—	—	—
41	15¼	Endeavour 20c	37½	+2	—	—	—
600	175	G. M. Kalgoorlie 25c	360	......	tQ13c	ϕ	0.4
46	13	Great Eastern	15	+1	—	—	—
*275	117	Hampton Areas 10p	230	−5	t2.5	2.4	1.6
*168	30	Haoma Gold N.L.	136	−2	—	—	—
95	15	Intl. Mining	65	+2	—	—	—
390	11	Kitchener NL 25c	215	+5	—	—	—
720	65	Leichardt Expln.	90	+15	—	—	—
500	300	Meekatharra	380	+15	—	—	—
48	7	Metals Energy	16	......	—	—	2.6
91	41	Metals Ex. 50c	54	......	¶Q3c	2.9	2.8
39	8½	Metramar Mns. 20cts.	25	......	—	—	—
284	150	M.I.M. Hldgs. 50c	205	+5	pQ27.6c	1.7	‡
26	7	Minefields Expl. 25c.	16	+½	—	—	—
155	60	Mount Lyell 25c	84	......	tQ15c	1.7	8.8
28	15	Newmetal 20c	17	−1	—	—	—
69	13	Nickelore N.L.	56	......	—	—	—
214	137	North B. Hill 50c.	162	+2	Q18c	3.1	5.5
*106	31	Nth. Kalgurli	63	......	—	—	—
165	90	Nth. Mining Corp.	98	......	—	—	—
*144	24	N. West Mining N.L.	88	......	—	—	—
*132	52	Oakbridge 50c	117	......	tQ12c	1.1	5.0
200	70	Otter Exploration N. L.	140	+2	—	—	—
240	128	Pacific Copper	174	......	—	—	—
620	255	Pancont'l 25c	525	......	—	—	—
78	42	Paringa M&Ex.5p	48	−1	—	—	—
625	335	Peko-Wallsend 50c.	430	+15	tQ17.5c	ϕ	2.0
230	85	Seltrust A	100	+5	—	—	—
206	57½	Southern Pacific	117	......	—	—	—
100	31	Swan Resources 20c.	59	......	—	—	—
34	8	West Coast 25c	15½	......	—	—	—
332	177	Westn. Mining 50c.	250	+11	Q14c	1.6	2.7
45	10	Westmex	22	−2	—	—	—
108	54	Whim Creek 20c.	56	+2	—	—	—
101	10½	York Resources	86	+1	—	—	—

Tins

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	10	Amal Nigeria 1p	12	......	‡†6.0	—	—
370	255	Ayer Hitam $M1	275	......	Q205c	1.0	14.4
72	42	Beralt Tin	67	......	4.5	3.2	9.6
308	149½	Berjuntai $M1	270	......	Q85c	ϕ	6.3
230	135	Geevor	155	......	‡8.4	1.9	‡
12½	8½	Gold & Base 12½p	8½	......	—	—	—
810	310	Gopeng Cons.	660	......	Σ21.0	ϕ	4.5
450	280	Hongkong	415	......	‡35.87	ϕ	‡
145	90	Idris 10p	125	......	Σ6.0	ϕ	6.9
15	12½	Jantar 12½p	14	......	1.5	ϕ	15.3
118	64	Kamunting $M0.50	98	......	‡Q80c	1.0	‡
600	150	Killinghall $M1	600xd	......	Q100c	ϕ	3.2
128	48½	Malay Dredging 10c	114ϕ	......	ϕh038c	0.9	6.4
42	26	Pahang	38	......	0.44	0.3	1.7
120	83	Pengkalen 10p	100	......	3.5	ϕ	5.0
415	230	Petaling $M1	370	......	Q180c	ϕ	9.4
44	18	South Crofty 10p	20	......	‡1.0	ϕ	‡
305	210	Sungei Besi $M1	210	......	‡Q460c	1.1	‡
115	22½	Supreme Corp. $M1	115	......	ϕQ15½c	ϕ	2.6
125	90	Tanjong 15p	117	......	Σ1.5	ϕ	1.9
115	78	Tongkah H. Tin $M1	85	......	Q23c	0.4	5.4
480	220	Tronoh $M1	400	......	‡Q250c	0.7	‡

Copper

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
260	130	Messina R0.50	185	......	Q45c	4.7	13.9

Miscellaneous

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	150	......	—	—	—
97	40	Barymin	45	+5	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
445	53	Colby Res. Corp.	290	−10	—	—	—
502	200	Cons. Murch. 10c.	200	−10	tQ30c	1.8	8.6
180	75	††Hemerdon 10c.	87	+5	—	—	—
225	36	Highwood Res.	170	+5	—	—	—
585	310	Northgate C$1	320	+10	—	—	—
*486	322	R.T.Z.	380	+8	t16.0	3.2	6.0
£115	£93½	Do. 9½%Cv.Ln. 95-2000	£95½	+2	Q9½%	—	10.3
143	91	††SPD Minerals 10p	143	......	—	—	—
58	26	Sabina Inds. C$1.	45	−1	—	—	—
51	29	††SWCM 10p	34	......	—	—	—
650	411	Tara Exptn. $1	485	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	......
Bertam	12	......
Bdg'wtr. Est. 50p	555	......
Craig & Rose £1	£11¼	+½
Fife Forge	41	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	£21	......
Higsons Brew	79	......
Holt (Jos) 25p	360	......
I.O.M. Stm. £1	162xd	−10
Pearce (C. H.)	685	......
Peel Mills	60	......
Sheff. Refrsmnt	95	......
Sindall (Wm.)	130	......

IRISH

Conv. 9% '80/82	£93⅝	......
Nat. 9¾% 84/89	£75½	......
Fin. 13% 97/02	£86¼	......
Alliance Gas	55	+3
Arnott	225	+5
Carroll (P.J.)	80	−1
Concrete Prods.	90	......
Helton (Hldgs.)	30	......
Ins. Corp.	395	......
Irish Ropes	40	......
Jacob	38	......
T.M.G.	26	+2
Unidare	82	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	7
BOC Intl.	9
B.S.R.	4½
Babcock	11
Barclays Bank	40
Beecham	15
Blue Circle	30
Boots	20
Bowaters	20
B.A.T.	25
Brown (J.)	6½
Burton	10
Cadburys	6
Courtaulds	6
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	22
F.N.F.C.	3½
Gen. Accident	30
Gen. Electric	50
Glaxo	22
Grand Met.	14
G.U.S. 'A'	48
Guardian	32
G.K.N.	16
Hawker Sidd	28
House of Fraser	15
I.C.I.	28
"Imps"	7
I.C.L.	9
Inveresk	3
Ladbroke	24
Legal & Gen.	20
Lex Service	9
Lloyds Bank	28
"Lofs"	4
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"Mams"	20
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Tesco	5½
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Brit. Petroleum	36
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Charterhall	11
KCA	22
Premier	10
Shell	40
Tricentrol	34
Ultramar	48

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Charter Cons.	20
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Lonrho	10
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES

Wednesday February 11 1981

Shirley Williams 'ready to leave Labour soon'

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

CREATION of a social democratic political group came closer yesterday as Mrs. Shirley Williams spelt out her readiness to leave the Labour Party.

Formation of a new party, she said, could not be very far off. She believed that she would leave the party "fairly soon."

It looks as though Mrs. Williams, who resigned from Labour's national executive on Monday, and the 11 MPs who signed the declaration setting up the Council for Social Democracy, will resign from the party on March 9 at the latest.

The break may come earlier if the pressure on them is maintained. Forming a new party could take several months more.

At Westminster the assumption of many Labour MPs is that the members of the Council have gone too far to be pulled back from the brink.

Some dismissed the social democrats as lacking either credibility or guts.

Mr. Eric Varley, Shadow Employment Secretary, warned that Mrs. Williams was going into the "political wilderness" and would not play a major role in politics again.

Mr. David Steel, the Liberal leader, whose co-operation in some form of alliance will be essential to the success of any social democratic party, again urged the Labour dissidents to take a decision.

If there was to be any "philosophical and political" agreement with the Liberals, that must come before they discussed an electoral pact.

Speaking on BBC television, Mr. Steel said it was in all their interests to get this together long before the election.

In a flurry of radio and television interviews, Mrs. Williams said that she had made her decision. It was clear, she said, that "most of us are very obviously on the way out of the Labour Party."

She stressed that the final break must be a collective one. Before that individual members had to make their own decisions.

But the time for a collective decision might be "very soon now."

Dr. David Owen has told his constituency party that he will not stand again as their candidate. In the next three weeks almost all the other MPs who signed the statement are to see their parties.

The last is for the weekend of March 7. If a break has not come before that it is likely to be the final trigger.

Three of the co-operative-sponsored MPs who have declared their support for the Council for Social Democracy began trying to drive a wedge between Labour and its partner in the Labour movement, the Co-operative Party.

Writing in Co-operative News Mr. John Roper, Mr. Mike Thomas and Mr. Ian Wrigglesworth said that none of them would join a new party unless they felt it offered "at least as good a chance of achieving the Co-operative ideals" to which they aspired as did the Labour Party.

However, speaking at the London School of Economics last night Mr. Wrigglesworth said that he expected to announce his decision on quitting the party in a few weeks.

The reason for delaying a statement of intent by backers of the Council was that "if someone is contemplating divorce, particularly after a long period of marriage, then they naturally and properly discuss their decision and its implications with close members of the family and friends."

Christian Tyler writes: Mr. Denis Healey, deputy leader of the Labour Party, made an unexpected appearance last night at a meeting of Right-wing trade union leaders on changing decisions of Labour's special conference at Wembley a fortnight ago.

General secretaries met at a London hotel to seek a coalition strong enough to change the electoral college composition so that MPs had 50 per cent of the vote for party leader instead of unions 40 per cent.

The meeting was convened by Mr. Roy Grantham, of the clerical workers, APEX; and Mr. Terry Duffy, of the engineering workers. Three union leaders left early — Mr. Brian Stanley, Post Office Engineering Union; Mr. Sid Weighell, railwaymen; and Mr. Frank Chapple, electricians.

Joseph gives British Steel short-term aid

BY RICHARD EVANS, LOBBY EDITOR

SIR KEITH JOSEPH, Industry Secretary, will announce a short-term aid package for the British Steel Corporation in the Commons today instead of the wide-ranging statement on the future of the UK steel industry he had intended to make.

Although agreement in principle on the corporate plan of Mr. Ian MacGregor, BSC chairman, has been reached in Cabinet many more details remain to be completed and the main statement may not come until towards the end of the month.

The immediate aid to maintain BSC production until the end of the financial year is around £150m. Provision for that will be included in a one-clause Bill to be presented to Parliament this week.

The truncated statement from Sir Keith is certain to lead to criticism from MPs because of the continued uncertainty it will generate over the fueure of the steel industry.

On the one hand, many Conservative MPs have complained about the injection of more taxpayers' money into the heavily loss-making nationalised steel industry which, they fear will affect adversely the private sector.

Other MPs believe the Cabinet has no alternate to backing Mr. MacGregor's plans, which aim to bring BSC back to profit by the end of the 1982-83 financial year. In the interim, there will be a cutback in production, the loss of 22,000 jobs and a pay freeze until July.

Mr. MacGregor is also seeking a total of £750m to maintain production until the end of the calendar year, further aid for next year and writing £3.7bn off accumulated corporation debts.

Sir Keith had also hoped to announce details of an agreement reached on the rationalisation of steel bar production between BSC and Guest Keen and Nettlefold, but talks on this are still continuing.

Giles Merritt writes from Brussels: Britain's association of private steelmakers, the British Independent Steel Producers Association, is refusing to join a new grouping of EEC steel manufacturers which aims to forge the 300 private steel companies in the community into a powerful negotiating force.

The new organisation, known as EURISPA (European Independent Steel Producers' Association) hopes to be able to obtain financial aid for private steelmakers from member governments. It will be based in Brussels.

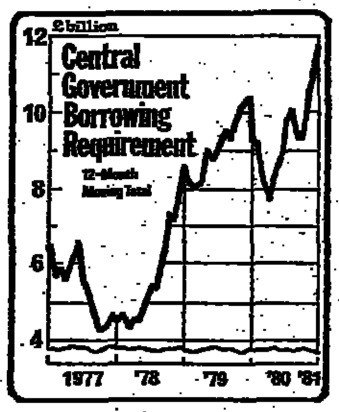
Two UK private steelmakers — Canadian-owned Sheerness Steel and Norwegian-owned Manchester Steel — have defied BISPA and will join the nucleus of EEC steelmakers.

Sheerness Steel has already decided to leave BISPA in protest against the negotiations that other member companies are conducting with BSC and the Government on private-public sector rationalisation.

THE LEX COLUMN

Public spending and the slump

Index rose 4.6 to 485.5



The Bank of England's haste in bringing out a new tap stock last Friday "to meet the Government's need for finance" was a hint that not all was well with the borrowing requirement, and a surplus on Central Government account of £1.7bn in January, compared with £2.5bn in January 1980, is indeed disappointing. Despite a £200m boost from the EEC, revenue growth was decidedly modest, while supply services expenditure rose by 32 per cent. The recession is now coming through to the borrowing figures with a vengeance; no doubt the Treasury will soon be following up Mr. Nigel Lawson's Zurich speech and drawing attention to what the borrowing needs might have been in a more buoyant economy.

Given that these figures were poor, an indicated rise of ½ per cent, seasonally adjusted, in sterling M3 in the six weeks to mid-January is not unsatisfacory. Heavy tax payments and the year-end debiting of interest make it difficult to pick out a clear trend this month; that the Bank of England has applied a downward seasonal adjustment of £1.46bn to the bank lending figure, roughly twice the offset that it thought necessary for January 1980, gives some idea of the problems of interpretation.

But last year's monthly bank lending figures showed a marked three-monthly pattern (broadly corresponding to the VAT seasons) even after the official adjustments, and this year's higher offset is probably realistic. The Bank does not seem to have any quarrel with the clearing banks' assertion that the underlying growth in advances was somewhere near the average of recent months—that is, roughly half the levels of last summer.

The gilt-edged market seemed to take the view that even if the money figures were not marvellous, at least they were out of the way, and bond prices closed quite firm (although this morning's offering of Treasury 12 per cent 1986 still looks rather dear). Friday, after all, will bring news of a steep fall in the 12-month inflation rate, and the Budget — and surely lower interest rates—are only a month away.

Guinness Peat

The poor quality of last year's record results from Guinness Peat are underlined by the interim drop in non-banking pre-tax profits from £6.2m to £3.6m. Last year non-banking profits doubled due to a period of frenetic activity in the commodity markets, where the company's trading income soared from £2.5m to £13.2m. This year these markets are proving a good deal duller — with the FT commodities index now standing 18 per cent below the level a year ago. So the company has been hit by the lower volumes typical in bear markets and poorer returns from its own positions.

Elsewhere the edible oils refining business has remained in the red, and the chemicals division is also producing a loss. However, money broking has been buoyant, as has the aircraft leasing business. The company has hopes of producing an improved performance from insurance broking, in spite of the difficult conditions in this market. Meanwhile, debt is unchanged in spite of last year's disposal of property in Gracechurch Street, and the high income gearing has taken its toll — transforming a 17½ per cent trading decline into a fall of 43 per cent at the pre-tax level. Pre-tax profits for the year may be somewhat below £10m (against £15.7m) excluding the bank, Guinness Mahon, which may chip in £2m post-tax. The shares fell 9p yesterday to 113p, where the yield, assuming an unchanged final dividend, is about 9 per cent.

Grand Metropolitan

The flexibility of UK accounting standards in respect of asset valuations has proved highly useful to two British based multinationals which have piled up substantial debts in acquiring U.S. operations. Thus the Grand Metropolitan annual report, published today, highlights the way the group has adopted a "modified historical cost convention" very roughly on the lines earlier employed by BOC International. The incorporation of £571m of property revaluations has given the group room to write off all goodwill, and to raise shareholders' funds to some £1,280m against net borrowings of some £590m.

Grand Met's revaluation policy has not, however, been quite so complete as that of BOC which recently published shareholders' funds (including minorities) of £660m compared with net debts of £460m or so. That was fine for BOC's balance sheet, but a problem for its profit and loss account which had to bear an extra £30m of depreciation.

Ingeniously, Grand Met has found a way to incur a depreciation penalty of precisely nil. This is partly because it has simply failed to include £3.9m of extra depreciation relating to the higher valuations (though it will charge this next year) but mainly it is because the group has only revalued those assets which bear low, or nil, depreciation rates. More rapidly depreciated assets like plant and equipment are left at historical cost.

Thus Grand Met has eschewed in its main accounts current cost revaluation surpluses of £172m which would have necessitated £32m of extra depreciation. The group has managed to have its cake and eat it. Beneath the cosmetic layer, however, the strength of current cost rate of return of around 7½ per cent pre-tax remains impressive by most standards.

Bank accounts

The submission of the accountancy bodies on the Bank of England's paper on the measurement of bank capital queries the Bank's threat to adjust deferred tax provisions if it thinks fit, and its decision to treat general provisions as akin to reserves. It would be unfortunate, say the accountants, if the Bank seemed to be "disparaging the judgment of the parties concerned." This rings much like the accountants' earlier plea that an audit opinion on current cost accounts would render them suitable to be a basis for tax assessment. In neither case do the accountants get to grips with the fact that auditors are hired by clients, and it is to these that they owe their first loyalty. Public bodies like the Inland Revenue and the Bank of England do not see auditors as infallible guardians of the public interest, whatever the accounting bodies might hope.

Accountants to vet water rates

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT has asked three firms of accountants to undertake an urgent investigation of the nine English water authorities to see if proposed rate increases, which range between 14 per cent and 30 per cent for the coming year, can be reduced.

The move, announced by the Prime Minister in the Commons yesterday, follows criticism of steep rises in water rates in recent years. Last year's increase averaged 23.8 per cent.

The water authorities agreed series of meetings with Mr. Tom King, Minister for Local Government. He drew the rate proposals to the attention of Mr. Michael Heseltine, the Environment Secretary, who, alarmed at the size of the increases, ordered the investigation after consultations with Mrs. Thatcher.

Under the Water Act, 1973, the Government has no power to order a reduction in water rate rises. Its hope is that the authorities will abide by the findings of the accountants.

The firms involved are Coopers and Lybrand, Price Waterhouse and Arthur Andersen. The inquiry which started last week and, with teams of accountants now visiting each of the authorities, the Government expects to have their findings early netx week. No report is likely to be published on the results.

The cost pressures on the water authorities are likely to limit their freedom to increase the 10 per cent pay offer which has been rejected by union negotiators. The unions are currently balloting on industrial action over the pay dispute.

The Monopolies and Mergers Commission is already investigating the Severn-Trent Water Authority and its report is expected in April.

The other eight authorities are Northumbria, Yorkshire, Anglia, Southern, Wessex, South West, North West, Thames.

'Nissan could have bought Seneffe car factory'

BY GILES MERRITT IN BRUSSELS AND KENNETH GOODING IN LONDON

BELGIAN GOVERNMENT officials claimed last night that BL's Seneffe assembly plant in southern Belgium, currently facing closure, could have been sold to Japan's second biggest motor manufacturer, Nissan.

The reason this did not happen, according to Belgian and Japanese officials, is that BL had demanded an "exorbitant" price for the plant from Nissan, whose recent decision to launch a £300m car manufacturing project in the UK has provoked concern among European carmakers.

Belgian officials claim that there is a connection between Nissan's recent decision to launch their project in the UK and BL's failure to sell Nissan the Seneffe plant.

The failure of talks last September over the Seneffe site now risks becoming a political issue. Belgian resentment stems from the fact that Seneffe's scheduled closure next month will probably increase unemployment in that part of Belgium to a record level of one man in three. Yet the new Nissan plant in the UK will create 5,000 jobs.

Belgian officials yesterday said negotiations collapsed last year because the British group was unable to reduce the BFr 1.25bn (about £15m) price tag is had put on Seneffe.

Japanese officials, however, claim that during the talks BL raised its asking price three times before Nissan eventually withdrew.

A fortnight ago, BL announced that Seneffe is to close on March 31. No buyer has been found for the plant that last year assembled 36,000 completely knocked down Minis and Austin Allegros, so 2,200 workers face redundancy.

In London last night BL would not admit that negotiations had been held with Nissan. However, it is known that Nissan would not have wanted to move into the Seneffe plant until the end of 1981 and this might have influenced the outcome.

BL indicated when it announced the closure that Seneffe suffered losses of about £5m in 1980. The site covers more than 292 acres and the plant accounts for around 560,000 sq ft.

Toyota-Ford agreement near, Page 18

Continued from Page 1

Miners prepare

yesterday that in Durham, Northumberland, Scotland and Yorkshire there would be "wholesale resistance" to any big cuts. "We are carrying out the requirements of the Plan for Coal (the industry's investment programme) and now nobody wants it," he said.

Sir Derek Ezra told the union leaders that because of the recession the NCB would have to put more than 8m tonnes of coal on stock in 1980-81. It had a sales value of over £250m.

By the end of the financial year, in March, UK coal stocks would be about 37m tonnes—the highest level ever recorded in relation to total sales.

The Prime Minister refused to give assurances that the closure programme would be discussed by the Commons.

The Government is believed to be considering increasing grants to the NCB for redundancy payments to soften the closures blow. But the idea has yet to get Treasury approval.

Weather

UK TODAY

SUNNY periods, occasional showers.

London, S, E, NE, CN England, Midlands, Channel Is.

Dry, sunny periods. Max. 8C (46F).

Rest of England, Wales, Scotland, N Ireland.

Bright at first, becoming cloudy, occasional rain. Max. 9C (48F).

Outlook: Rain spreading from West. Rather cold. Windy in North.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Luxmbg.	C	2	36
Amsdm.	C	4	39	Luxor	S	21	70
Athens	S	15	59	Madrid	R	2	36
Bahrain	S	23	73	Majorca	F	14	57
Barclna.	C	12	54	Malaga	F	17	63
Beirut	S	16	61	Malta	S	15	59
Belfast	R	2	36	M'chstr.	S	4	39
Belgrd.	S	11	52	Melbne.	F	21	70
Berlin	C	7	45	Mx. C.†		—	—
Biarritz	F	8	46	Miami†	C	22	72
Bmghm.	S	4	39	Milan	Fg	4	39
Blackpl.	S	4	39	Montrl.†	C	−5	23
Bordx.	F	8	46	Moscow	C	−3	27
Boulgn.	F	5	41	Munich	R	5	41
Bristol	S	5	41	Nairobi		—	—
Brussels	F	4	39	Naples	C	13	55
Budpst.	F	6	43	Nassau		—	—
Cairo	C	17	63	Nwcstl.	S	4	39
Cardiff	F	4	39	N. York†	S	−1	30
Cas'b'ca	C	15	59	Nice	S	14	57
Cape T.	S	21	70	Nicosia	S	17	63
Chicg.†	Sn	−2	28	Oporto	S	12	54
Cologne	R	4	39	Oslo	F	−5	23
Cpnhgn.	Sl	2	36	Paris	C	6	43
Corfu	S	15	59	Perth	S	27	81
Denvr†	Sn	−19	−2	Prague	C	4	39
Dublin	S	4	39	Reykjvk.	F	−8	18
Dbrvnk.	F	14	57	Rhodes	S	16	61
Ednbgh.	S	3	37	Rio J'o†		—	—
Faro	S	14	57	Rome	C	13	55
Florence	Fg	9	48	Salzbrg.	C	5	41
Frankft.	F	6	43	S F'cisc†	S	8	46
Funchal	F	15	59	S. Moritz		—	—
Geneva	C	4	39	Singapr.	F	30	86
Gibraltar	C	13	55	S'tiago†		—	—
Glasgow	S	4	39	Stckhm.	S	−2	28
G'rnsey	S	7	45	Strasbg.		—	—
Helsinki	S	−3	27	Sydney	C	25	77
H. Kong	S	20	68	Tangier	F	15	59
Innsbrk.	F	2	36	Tel Aviv	S	15	59
Invrnss.	F	2	36	Tenerife	C	17	63
I.o.Man	S	4	39	Tokyo	S	10	50
Istanbul	S	10	50	T'ronto†	C	−8	18
Jersey	S	6	43	Tunis	S	18	64
Jo'burg	S	24	75	Valencia	R	10	50
L. Plms.	F	18	64	Venice	C	5	41
Lisbon	S	12	54	Vienna	C	6	43
Locarno	C	8	46	Warsaw	C	2	36
London	S	6	43	Zurich	R	4	39
L. Ang.†	C	13	55				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Out-of-court peace hope in RTZ anti-trust case

BY PAUL CHEESERIGHT

RIO TINTO-ZINC group companies in the UK, U.S., Australia and Canada may soon be free of the threat of damage claims arising from the $1bn anti-trust uranium cartel litigation brought to a Chicago court by Westinghouse Electric, the U.S. nuclear plant manufacturer.

Westinghouse and RTZ, the mining and resources group, have held private talks which may lead to an out-of-court settlement. The talks are believed to have advanced to a delicate stage.

Six RTZ companies are among the 23 defendants in Westinghouse's action against U.S. and international uranium producers for allegedly operating outside the U.S. a uranium cartel between 1972 and 1975, and preventing Westinghouse from buying uranium at "an equitable price."

These companies are Rio Algom Corporation in the U.S.; CRA and Mary Kathleen Uranium in Australia; Rio Algom in Canada; and in the UK, RTZ itself and RTZ Services.

All these companies, save the U.S. unit, have denied the jurisdiction of the Chicago court which has found them in default. They could be subject to damages after the main hearing of Westinghouse's action, fixed for next September.

Westinghouse in Pittsburgh and RTZ in London declined comment yesterday on the present situation. However, an RTZ official acknowledged that there had been talks in the past.

But pressure for an out-of-court settlement has been building up. Since Christmas, Homestake Mining, Getty Oil, Gulf Oil and Gulf Minerals Canada have all resolved their differences with Westinghouse.

Airlines seek 8% fare rises to cover overall inflation

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

RISES of up to 8 per cent in air fares are being sought by airlines who are members of the International Air Transport Association, to compensate for increases in fuel prices and other inflationary factors.

A meeting of more than 50 airlines in Geneva in the past week, to discuss fuel price rises, decided to seek Government agreement for increases in fares of between 2 and 4 per cent on most world air routes to cover increases in fuel prices since last autumn.

These are in addition to rises of between 2 and 4 per cent already being sought to cover general inflation, including increases in landing fees, air navigation and labour charges. Overall rises from April 1 could be upto 8 per cent, depending on the routes involved.

In broad terms, fares in Europe are likely to rise by about 5 per cent (2 per cent to cover fuel costs and 3 per cent for "general inflation"), while on the North Atlantic between the U.S. and Europe rates will rise by between 4 and 10 per cent, all fuel-related, depending on the route flown.

That will bring fares rises sought by the scheduled airlines on some international routes over the past 12 months to between 12 and 23 per cent.

The variations in increases are due to general inflation and fuel prices in particular having risen at different rates around the world.

But the broad trend in costs has been upwards. The airlines believe that overall their revenues are running up to $1bn (£427m) behind the rises in fuel costs alone over the past year. In 1980 the airlines lost more than $2.5bn collectively throughout the world.

Isle of Grain dispute set to flare again

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE INTER-UNION dispute at the Isle of Grain power station construction site, which has been simmering for the past three-and-a-ahalf months, seems set to break out once more into open warfare.

The two main groups of protagonists — the General and Municipal Workers Union on the one hand, and the craft unions led by the Amalgamated Union of Engineering Workers (construction section) and the Electrical and Plumbing Trades Union on the other—yesterday announced courses which will mean a head-on collision.

Mr. David Basnett, general secretary of the GMWU, has been authorised by his executive, meeting yesterday, to press the TUC for "immediate implementation" of the TUC's formula for ending the dispute, or for action to be taken against the unions which, it says, are refusing to do so.

The GMWU, the traditional supplier of insulation or lagging labour, is insisting that the 54 non-GMWU laggers on unit one come off the site as a condition of supplying labour on unit three. The AUEW and the EPTU are refusing to allow the 54 laggers to come off the site.

Mr. John Baldwin, general secretary of the AUEW construction section, said that if the GMWU refused to agree to supply its members for unit three, he would transfer the 54 non-GMWU laggers on unit one to unit three.

Mr. Baldwin said he and Mr. Eric Hammond, an executive councilman of the EPTU, would report on the situation to shop stewards at Grain later this week. He expected the stewards would demand lagging to start on unit three to safeguard employment on the site.

The Central Electricity Generating Board, the client on the site, has not accepted tenders from three insulation companies with which the GMWU had signed agreements. It seems possible that it will let the insulation contract for unit three to a mechanical contractor, which has no agreement with the GMWU and would thus be free to use non-GMWU labour.

This would be in breach of the TUC formula, and could be expected to raise a strong demand from the GMWU that all sections of the AUEW and the EPTU—with some 1.6m members—be expelled from the TUC.

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